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Corp., Randy V. J. Smallwood, Peter Barnes
15 *and Gary Brown*

16
17 **UNITED STATES DISTRICT COURT**
18 **CENTRAL DISTRICT OF CALIFORNIA**
19

20 In re Silver Wheaton Corp.) Master File No. 2:15-cv-05146-CAS (JEMx)
21 Securities Litigation) c/w: 2:15-cv-05173-CAS (JEMx)
22)
23) **DEFENDANTS' ANSWER TO**
24) **CONSOLIDATED AMENDED CLASS**
25) **ACTION COMPLAINT**
26) CLASS ACTION
27)
28) JUDGE: Hon. Christina A. Snyder

1 Silver Wheaton Corporation (“Silver Wheaton,” “SW,” or the “Company”),
2 and Randy V.J. Smallwood, Peter Barnes, and Gary Brown (the “Individual
3 Defendants,” collectively with Silver Wheaton, “Defendants”), hereby answer the
4 Consolidated Amended Class Action Complaint for Violation of the Federal
5 Securities Laws (“Complaint”), Dkt. No. 60, filed on December 18, 2015, by Lead
6 Plaintiff Joe Elek, and putative plaintiffs Thomas Bartsch, Jeffrey Frohwerk, Larry
7 Brandow, Diana Choi, Ben Potaracke, Charles Montgomery, Jędrzej Borowczyk,
8 and Charles Remmel (collectively, “Plaintiffs”).

9 To the extent the paragraphs of the Complaint are grouped under headings
10 and subheadings, Defendants respond generally that the partial and/or pejorative
11 phrases used in the headings do not constitute factual averments, and thus the
12 headings are not included herein. To the extent a response is deemed necessary,
13 Defendants deny each and every heading and sub-heading in the Complaint and
14 incorporate by reference this response in each paragraph below as if fully set forth
15 herein.

16 Except as explicitly admitted herein, Defendants deny any and all allegations
17 set forth in the Complaint. Defendants further answer the numbered paragraphs in
18 the Complaint as follows.

19 1. Defendants admit that Plaintiffs purport to bring this action as a federal
20 securities class action on behalf of all persons and entities, other than Defendants
21 and their affiliates, who purchased or otherwise acquired the securities of Silver
22 Wheaton from March 30, 2011 to July 6, 2015. Defendants deny that persons or
23 entities who purchased Silver Wheaton securities on the Toronto Stock Exchange
24 may be included in any putative “Class” definition. Defendants deny that any
25 violations of the federal securities laws occurred. Defendants deny that Plaintiffs or
26 any other purchaser of Silver Wheaton securities suffered any compensable damages
27 and deny that class certification is appropriate. Except as explicitly admitted herein,
28 Defendants deny each and every other allegation in paragraph 1.

1 2. Defendants admit that Silver Wheaton is a precious metals streaming
2 company. Defendants admit that, from 2005 to 2010, Silver Wheaton or its wholly
3 owned subsidiaries, including its wholly owned subsidiary in the Cayman Islands,
4 Silver Wheaton (Caymans) Ltd. (“SW Cayman”), entered into streaming agreements
5 with third party mining companies or affiliates pursuant to which upfront and other
6 payments were made in consideration for the purchase of silver. Defendants deny
7 that delivery of silver production was guaranteed. Defendants admit that the terms
8 “streams” and/or “streaming” are used in describing such precious metal purchase
9 arrangements. Except as explicitly admitted herein, Defendants deny each and
10 every other allegation in paragraph 2.

11 3. Defendants deny that the allegations in paragraph 3 accurately describe
12 Silver Wheaton’s business and consolidated financial reporting. Defendants Silver
13 Wheaton, Smallwood, and Barnes admit, and Defendant Brown admits with respect
14 to June 2008 through 2010, as follows: the activities that generated the income that
15 Silver Wheaton reported on a consolidated basis, including the sale of silver, were
16 principally conducted by SW Cayman. Defendant Brown lacks knowledge or
17 information sufficient to form a belief as to the truth of the allegations in paragraph
18 3 that pertain to matters or events that occurred prior to his tenure at Silver
19 Wheaton, and on that basis, denies them. Except as explicitly admitted herein,
20 Defendants deny each and every other allegation in paragraph 3.

21 4. Defendants admit that SW Cayman, which operates in the Cayman
22 Islands and is subject to a statutory tax rate of 0%, paid no tax in the Cayman
23 Islands on the income it earned from precious metal purchase agreements that SW
24 Cayman entered into. Except as explicitly admitted herein, Defendants deny each
25 and every other allegation in paragraph 4.

26 5. Defendants state that Plaintiffs appear to define the phrase “Transfer
27 Pricing Rules” in the Complaint to encompass Section 247 of the Income Tax Act
28 (Canada), R.S.C. 1985, c.1 (5th Supp.) (“Income Tax Act”). In addition to the lack

1 of definitional clarity, Defendants state that the allegations in paragraph 5 appear to
2 be missing words rendering the allegations unclear. Defendants admit that Canada
3 enacted the Income Tax Act. Defendants admit that the Income Tax Act includes
4 provisions pertaining to transfer pricing, but deny Plaintiffs' characterizations of
5 such provisions and their enactment. Except as expressly admitted herein,
6 Defendants deny each and every other allegation in paragraph 5.

7 6. Defendants deny the allegations in paragraph 6.

8 7. Defendants deny the allegations in paragraph 7.

9 8. Defendants Silver Wheaton, Smallwood, and Brown admit that the
10 Company issued a press release on July 6, 2015. Defendants Silver Wheaton,
11 Smallwood, and Brown admit that the July 6, 2015 press release announced that
12 Silver Wheaton had received a proposal letter from the Canada Revenue Agency
13 ("CRA") regarding a proposed reassessment under the transfer pricing provisions of
14 the Income Tax Act. Defendants Silver Wheaton, Smallwood, and Brown deny that
15 Plaintiffs' characterization of the press release is either accurate or complete. The
16 contents of the July 6, 2015 press release are a matter of public record, and
17 Defendants Silver Wheaton, Smallwood, and Brown refer the Court and Plaintiffs to
18 the July 6, 2015 press release for its complete and accurate contents. Defendant
19 Barnes lacks knowledge or information sufficient to form a belief as to the truth of
20 the allegations in paragraph 8, which pertain to matters and events after he left
21 Silver Wheaton, and on that basis, denies them. Except as explicitly admitted
22 herein, Defendants deny each and every other allegation in paragraph 8.

23 9. Defendants admit that the price of Silver Wheaton stock on the New
24 York Stock Exchange ("NYSE") closed at \$15.46 on July 7, 2015. Defendants
25 admit that the closing price on July 7, 2015 was approximately 12% lower than the
26 closing price on July 6, 2015, which was \$17.54. Except as explicitly admitted
27 herein, Defendants deny each and every other allegation in paragraph 9.

28

1 10. Defendants Silver Wheaton, Smallwood, and Brown lack knowledge or
2 information as to which “Wall Street analysts” and to which “comment[s]” the
3 vague allegations in paragraph 10 relate; Defendants thus lack knowledge or
4 information sufficient to form a belief as to the truth of the allegations regarding the
5 unidentified analysts’ purported comments, and on that basis, deny them. Defendant
6 Barnes lacks knowledge or information sufficient to form a belief as to the truth of
7 the allegations in paragraph 10, which pertain to matters and events after he left
8 Silver Wheaton, and on that basis, denies them.

9 11. Defendants deny the allegations in paragraph 11.

10 12. Defendants admit that Plaintiffs purport to bring claims under Sections
11 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and
12 Rule 10b-5 promulgated thereunder. Except as explicitly admitted herein,
13 Defendants deny the allegations in paragraph 12.

14 13. Defendants admit that the Court has jurisdiction over the subject matter
15 of this action.

16 14. Defendants deny the allegations in paragraph 14.

17 15. Defendants admit that Defendants have used the facilities of U.S.
18 national securities exchanges and instrumentalities of U.S. interstate commerce.
19 Except as explicitly admitted herein, Defendants deny each and every other
20 allegation in paragraph 15.

21 16. Defendants admit that Lead Plaintiff Joe Elek previously filed with the
22 Court a certification pursuant to the Private Securities Litigation Reform Act of
23 1995 that purports to reflect transactions in Silver Wheaton securities. Except as
24 explicitly admitted herein, Defendants deny each and every other allegation in
25 paragraph 16.

26 17. Defendants deny the allegations in paragraph 17.

27 18. Defendants admit that Silver Wheaton is a precious metal streaming
28 company. Defendants admit that Silver Wheaton has its principal executive office

1 in Vancouver, British Columbia. Defendants admit that Silver Wheaton trades on
2 the NYSE under the ticker symbol “SLW.” Except as explicitly admitted herein,
3 Defendants deny each and every other allegation in paragraph 18.

4 19. Defendants lack knowledge or information sufficient to form a belief as
5 to what Plaintiffs mean by “[a]t all relevant times.” Defendants admit that Silver
6 Wheaton or SW Cayman enters into precious metal purchase agreements with third
7 party mining companies or affiliates pursuant to which upfront and other payments
8 are made in consideration for the purchase of all or a specified percentage of the
9 future precious metal production from a specified mine. Defendants admit that
10 these precious metal purchase agreements may be referred to as “streaming
11 agreements.” Defendants admit that Silver Wheaton enters into precious metal
12 purchase agreements in respect of mines located in Canada, and SW Cayman enters
13 into precious metal purchase agreements in respect of mines located outside of
14 Canada. Except as explicitly admitted herein, Defendants deny each and every other
15 allegation in paragraph 19.

16 20. Defendants admit that Mr. Smallwood has served as the President of
17 Silver Wheaton since January 2010 and as CEO since April 11, 2011. Defendants
18 admit that Mr. Smallwood was involved in the founding of the streaming business of
19 Silver Wheaton and SW Cayman. Defendants admit that Mr. Smallwood previously
20 served as Executive Vice President of Corporate Development for Silver Wheaton,
21 and that, in that role, he primarily focused on growing the Company through the
22 evaluation and acquisition of silver stream opportunities for SW or its subsidiaries.
23 Except as expressly admitted herein, Defendants deny each and every other
24 allegation in paragraph 20.

25 21. Defendants admit that Mr. Barnes served as the Company’s CEO and
26 as a director from 2006 until April 11, 2011. Defendants admit that Mr. Barnes was
27 appointed as Chief Financial Officer of the Company effective October 15, 2004
28 and Executive Vice President of the Company effective October 20, 2004.

1 Defendants admit that Mr. Barnes was appointed Chief Executive Officer effective
2 April 20, 2006. Defendants admit that Mr. Barnes is a Chartered Accountant.
3 Defendants admit that Mr. Barnes was involved in the founding of the streaming
4 business of Silver Wheaton and SW Cayman. Except as expressly admitted herein,
5 Defendants deny each and every other allegation in paragraph 21.

6 22. Defendants admit that Mr. Brown joined Silver Wheaton in June 2008
7 and has served as Chief Financial Officer of Silver Wheaton since that time.

8 23. Defendants admit that the Complaint purports to refer to Messrs.
9 Smallwood, Barnes, and Brown as the “Individual Defendants.”

10 24. Defendants admit that the Complaint purports to refer to Silver
11 Wheaton and the Individual Defendants collectively as the “Defendants.”

12 25. Defendant Silver Wheaton admits that FE1 worked at SW Cayman,
13 Silver Wheaton’s wholly owned subsidiary, from December 2007 to November
14 2013. Defendant Silver Wheaton admits that FE1’s title at SW Cayman was
15 “accountant.” Defendant Silver Wheaton denies that FE1 held any accountant
16 certifications or had any formal accounting training. Defendant Silver Wheaton
17 denies that FE1 had any accounting responsibilities on behalf of Silver Wheaton.
18 Defendants Smallwood, Brown, and Barnes admit that FE1 was employed by SW
19 Cayman, but otherwise lack knowledge or information sufficient to form a belief as
20 to the truth of the remaining allegations in paragraph 25, and on that basis, deny
21 them.

22 26. Defendant Silver Wheaton admits that FE1 worked at SW Cayman,
23 Silver Wheaton’s wholly owned subsidiary, from December 2007 to November
24 2013. Defendant Silver Wheaton admits that FE1’s responsibilities included routine
25 bookkeeping tasks, reconciliation, data entry, and other administrative tasks.
26 Defendants Smallwood, Brown, and Barnes admit that FE1 was employed by SW
27 Cayman, but otherwise lack knowledge or information sufficient to form a belief as
28 to the truth of the remaining allegations in paragraph 26, and on that basis, deny

1 them. Except as explicitly admitted herein, Defendants deny each and every other
2 allegation in paragraph 26.

3 27. Defendant Silver Wheaton admits that FE1 reported to Brad Carpenter.
4 Defendant Silver Wheaton denies that FE1 reported to Nik Tatarkin. Defendants
5 Smallwood, Brown, and Barnes lack knowledge or information sufficient to form a
6 belief as to the truth of the allegations in paragraph 27, and on that basis, deny them.

7 28. Defendants Silver Wheaton, Smallwood, and Barnes admit that Brad
8 Carpenter joined SW Cayman as the controller of SW Cayman in July 2006.
9 Defendant Brown lacks knowledge or information sufficient to form a belief as to
10 the truth of the allegations in paragraph 28 that pertain to matters or events that
11 occurred prior to his tenure at Silver Wheaton, and on that basis, denies them.
12 Defendants Silver Wheaton, Smallwood, and Brown admit that Mr. Carpenter
13 became the Director of Contract Compliance at SW Cayman in 2013. Defendant
14 Barnes lacks knowledge or information sufficient to form a belief as to the truth of
15 the allegations in paragraph 28 that pertain to events after he left Silver Wheaton,
16 and on that basis, denies them.

17 29. Defendants deny that Nik Tatarkin became Executive Director of SW
18 Cayman in December 2008 and aver that Mr. Tatarkin became Executive Director
19 of SW Cayman in December 2007. Defendants Silver Wheaton, Smallwood, and
20 Brown admit that Mr. Tatarkin became President of SW Cayman in December 2012.
21 Defendant Barnes lacks knowledge or information sufficient to form a belief as to
22 the truth of the allegations in paragraph 29 that pertain to events after he left Silver
23 Wheaton, and on that basis, denies them. Except as explicitly admitted herein,
24 Defendants deny each and every other allegation in paragraph 29.

25 30. Defendants admit that Giselle Passchier (nee Fedalizo) previously
26 served as Manager of Corporate Accounting and subsequently as Assistant
27 Controller at Silver Wheaton in Canada. Defendants Silver Wheaton, Smallwood,
28 and Brown admit that Giselle Passchier began working at SW Cayman in June 2013,

1 but deny that her title was Assistant Controller and aver that her title was Financial
2 Controller. Defendant Barnes lacks knowledge or information sufficient to form a
3 belief as to the truth of the allegations in paragraph 30, which pertain to matters and
4 events after he left Silver Wheaton, and on that basis, denies them. Except as
5 expressly admitted herein, Defendants deny each and every other allegation in
6 paragraph 30.

7 31. Defendants admit that corporations that are resident in Canada are
8 subject to taxation under the Income Tax Act. Except as explicitly admitted herein,
9 Defendants deny each and every other allegation in paragraph 31.¹

10 32. The allegations in paragraph 32 consist of assumptions, legal
11 conclusions, and broad generalizations regarding “Canadian tax law” and “Canadian
12 tax treatment.” Defendants deny that Plaintiffs’ assumptions, broad generalizations
13 and conclusions accurately summarize “Canadian tax law” and/or “Canadian tax
14 treatment” and thus deny the allegations in paragraph 32.²

15 33. Defendants lack knowledge or information sufficient to form a belief as
16 to the truth of Plaintiffs’ allegations regarding the motivations and actions of the
17 Canadian government and hypothetical third parties, and on that basis, deny the
18 allegations in paragraph 33.

19 34. Defendants admit that the Income Tax Act contains provisions that
20 address transfer pricing. Defendants deny that Plaintiffs’ assumptions,
21 generalizations, and conclusions accurately characterize the transfer pricing
22 provisions of the Income Tax Act and/or the enactment of such provisions or
23 provide full context. Except as explicitly admitted herein, Defendants deny each
24 and every other allegation in paragraph 34.

25
26 ¹ In response to footnotes 1 and 2 of the Complaint, Defendants incorporate by
27 reference their response to paragraph 31.

28 ² In response to footnote 3 of the Complaint, Defendants incorporate by
reference their response to paragraph 32.

1 35. Defendants deny that the Income Tax Act defines the term “Property”
2 in the manner set forth in paragraph 35. Defendants deny that Plaintiffs’ broad
3 generalizations in paragraph 35 accurately summarize Canadian tax law and/or tax
4 treatment, and thus deny the allegations in paragraph 35.³

5 36. Defendants state that the allegations in paragraph 36 consist of
6 speculation, generalizations, and assumptions regarding the motivations and actions
7 of unidentified hypothetical parties. Defendants lack knowledge or information
8 sufficient to form a belief as to the truth of Plaintiffs’ allegations regarding the
9 motivations and actions of hypothetical parties, and on that basis, deny the
10 allegations in paragraph 36.

11 37. Defendants deny the allegations in paragraph 37.

12 38. Defendants deny the allegations in paragraph 38.

13 39. Defendants state that, to the extent that the allegations in paragraph 39
14 contain legal conclusions and purport to characterize unspecified provisions
15 purportedly adopted by “most developed nations,” Defendants lack knowledge or
16 information sufficient to form a belief as to the truth of the allegations regarding the
17 unspecified provisions and unspecified nations, and on that basis, deny them.
18 Defendants admit that the Organisation for Economic Cooperation and
19 Development has issued transfer pricing guidelines, which guidelines periodically
20 have been amended. Defendants admit that OECD transfer pricing guidelines
21 discuss an “arm’s length principle.” Defendants lack knowledge or information
22 sufficient to form a belief as to whether all OECD members apply the arm’s length
23 principle as articulated in OECD transfer pricing guidelines, and on that basis, deny
24 the allegation. Defendants deny that there is a uniform “international standard to be
25 applied when determining transfer prices for tax purposes.” Defendants deny that
26 the OECD transfer pricing guidelines constitute law and/or are binding on Canadian
27

28 ³ In response to footnote 4 of the Complaint, Defendants incorporate by
reference their response to paragraph 35.

1 corporations. Except as explicitly admitted herein, Defendants deny each and every
2 other allegation in paragraph 39.⁴

3 40. Defendant Silver Wheaton admits that paragraph 40 purports to quote
4 from the 2001 edition of the OECD transfer pricing guidelines. Defendant Silver
5 Wheaton denies that the excerpted text represents a uniform international standard
6 to be applied when determining transfer prices for tax purposes and/or that it
7 constitutes Canadian law and/or is binding on Canadian corporations. Defendants
8 Smallwood, Brown, and Barnes lack knowledge or information sufficient to form a
9 belief as to the truth of the allegations in paragraph 40, and on that basis, deny
10 them.⁵

11 41. Defendants admit that Section 247 of the Income Tax Act addresses
12 transfer pricing. Defendant Silver Wheaton denies that Section 247 of the Income
13 Tax Act was in effect in 1988 and avers that the applicable transfer pricing
14 provisions of the Income Tax Act in 1988 were found principally in Section 69, and
15 were repealed in 1998 and replaced by Section 247. Defendants Smallwood,
16 Brown, and Barnes lack knowledge or information sufficient to form a belief as to
17 the truth of the allegations regarding the effective date of Section 247 of the Income
18 Tax Act, and on that basis, deny them.

19 42. The allegations in paragraph 42 contain Plaintiffs' legal conclusions
20 and characterizations of the transfer pricing provisions of the Income Tax Act.
21 Defendants deny that Plaintiffs' legal conclusions and characterizations are accurate
22 or provide full context.

23 43. Defendants admit that Sections 247 and 251 of the Income Tax Act
24 address the concept of "arm's length." Defendants' deny Plaintiffs'
25 characterizations of Sections 247 and 251 and further deny that the allegations in

26 ⁴ In response to footnote 5 of the Complaint, Defendants incorporate by
27 reference their response to paragraph 39.

28 ⁵ In response to footnote 6 of the Complaint, Defendants incorporate by
reference their response to paragraph 40.

1 paragraph 43 accurately reflect the complex and fact-specific nature of the
 2 application and interpretation of these statutory provisions. Except as explicitly
 3 admitted herein, Defendants deny each and every other allegation in paragraph 43.⁶

4 44. Defendants admit that Section 251 of the Income Tax Act includes a
 5 definition of “related persons.” Defendants deny that Plaintiffs’ generalized
 6 assertions, legal conclusions and characterization of Section 251 are complete,
 7 accurate, or provide full context. Except as explicitly admitted herein, Defendants
 8 deny each and every other allegation in paragraph 44.⁷

9 45. The allegations in paragraph 45 contain Plaintiffs’ legal conclusions
 10 and characterizations of subsection 247(2) of the Income Tax Act. Defendants deny
 11 that subsection 247(2) is the “main charging provision” in the transfer pricing
 12 statutory provisions. Defendants deny that Plaintiffs’ legal conclusions and
 13 characterization of subsection 247(2) accurately reflect the complex and fact-

14
 15 ⁶ In response to footnote 7 of the Complaint, Defendants incorporate by
 16 reference their response to paragraph 43.

17 ⁷ In response to footnotes 8, 9, and 10 of the Complaint, Defendants
 18 incorporate by reference their response to paragraph 44. Defendant Silver
 19 Wheaton admits that footnote 8 purports to quote from Information Bulletin
 20 IT-419R2. Defendant Silver Wheaton denies that Information Bulletin IT-
 21 419R2 is still an active income tax interpretation bulletin and avers that it
 22 was cancelled and replaced in 2014. Defendant Silver Wheaton denies that
 23 Information Bulletin IT-419R2 summarizes applicable jurisprudence from
 24 either the Period or the Class Period, given that Plaintiffs allege that the
 25 bulletin was issued in 2004 and thus does not include jurisprudence from the
 26 Period and/or the Class Period. Defendants Smallwood, Brown, and Barnes
 27 lack knowledge or information sufficient to form a belief as to the truth of
 28 the allegations in footnote 8, and on that basis, deny them.

25 To the extent that the allegations in footnote 10 purport to summarize or
 26 characterize Section 251 of the Income Tax Act, Defendants deny that the
 27 allegations in paragraph 44 accurately reflect the complex and fact-specific
 28 nature of the application and interpretation of the statutory provisions.
 Except as explicitly admitted in paragraph 44 and herein, Defendants deny
 the allegations contained in footnotes 8, 9, and 10.

1 specific nature of the application and interpretation of the transfer pricing provisions
2 of the Income Tax Act.⁸

3 46. The allegations in paragraph 46 contain Plaintiffs' legal conclusions,
4 generalized assertions, and characterizations of the transfer pricing provisions of the
5 Income Tax Act. Defendants deny that the allegations in paragraph 46 accurately
6 reflect the complex and fact-specific nature of the application and interpretation of
7 the transfer pricing provisions of the Income Tax Act.

8 47. Defendants admit that the Canada Revenue Agency ("CRA") has the
9 authority, under certain circumstances, to recalculate and/or reassess the income tax
10 payable by a taxpayer, subject to the taxpayer's statutory rights to object to and
11 appeal from such reassessment(s). Defendants admit that, under certain
12 circumstances, the CRA may also assess penalties, subject to the taxpayer's
13 statutory rights to object to and appeal from such assessment(s). To the extent that
14 the allegations in paragraph 47 contain legal conclusions, generalizations, and
15 assumptions regarding the transfer pricing provisions of the Income Tax Act,
16 Defendants deny that the allegations in paragraph 47 accurately reflect the complex
17 and fact-specific nature of the application and interpretation of the transfer pricing
18 provisions. Except as explicitly admitted herein, Defendants deny each and every
19 other allegation in paragraph 47.⁹

20 48. Defendants admit that the Income Tax Act addresses potential taxpayer
21 liability for penalties. To the extent that the allegations in paragraph 48 contain
22 Plaintiffs' legal conclusions and purport to characterize Section 247(3) of the
23 Income Tax Act, Defendants deny that the allegations in paragraph 48 accurately
24 reflect the complex and fact-specific nature of the application and interpretation of
25

26
27 ⁸ In response to footnote 11 of the Complaint, Defendants incorporate by
reference their response to paragraph 45.

28 ⁹ In response to footnotes 12 and 13 of the Complaint, Defendants incorporate
by reference their response to paragraph 47.

1 the transfer pricing provisions of the Income Tax Act. Except as explicitly admitted
2 herein, Defendants deny each and every other allegation in paragraph 48.¹⁰

3 49. Defendants admit that the Income Tax Act addresses potential taxpayer
4 liability for penalties. To the extent that the allegations in paragraph 49 contain
5 Plaintiffs' legal conclusions, generalizations, and characterizations of Section 247 of
6 the Income Tax Act, Defendants deny that the allegations in paragraph 49 accurately
7 reflect the complex and fact-specific nature of the application and interpretation of
8 the transfer pricing provisions. Except as explicitly admitted herein, Defendants
9 deny each and every other allegation in paragraph 49.¹¹

10 50. To the extent that the allegations in paragraph 50 purport to summarize
11 or characterize Information Circular 87-2R, Defendants deny that Plaintiffs'
12 allegations are complete or provide full context. Defendants admit that Section
13 247(4) of the Income Tax Act addresses contemporaneous documentation. To the
14 extent that the allegations in paragraph 50 contain Plaintiffs' legal conclusions,
15 generalizations, and characterizations of Section 247(4) of the Income Tax Act,
16 Defendants deny that the allegations in paragraph 50 accurately reflect the complex
17 and fact-specific nature of the application and interpretation of the transfer pricing
18 provisions. Except as explicitly admitted herein, Defendants deny each and every
19 other allegation in paragraph 50.¹²

20 51. Defendants admit that Section 247(4) of the Income Tax Act addresses
21 what is referred to colloquially as "contemporaneous documentation." To the extent
22 that the allegations in paragraph 51 contain Plaintiffs' legal conclusions and
23 characterizations of Section 247(4) of the Income Tax Act, Defendants deny that the
24

25 ¹⁰ In response to footnote 14 of the Complaint, Defendants incorporate by
26 reference their response to paragraph 48.

27 ¹¹ In response to footnote 15 of the Complaint, Defendants incorporate by
28 reference their response to paragraph 49.

¹² In response to footnotes 16, 17 and 18 of the Complaint, Defendants
incorporate by reference their response to paragraph 50.

1 allegations in paragraph 51 accurately reflect the complex and fact-specific nature of
 2 the application and interpretation of the transfer pricing provisions of the Income
 3 Tax Act. Except as expressly admitted herein, Defendants deny each and every
 4 other allegation in paragraph 51.

5 52. Defendants admit that the transfer pricing provisions of the Income Tax
 6 Act address, among other things, transactions between Canadian taxpayers and non-
 7 arm's length non-residents. To the extent that the allegations in paragraph 52
 8 contain Plaintiffs' legal conclusions and characterizations of the transfer pricing
 9 provisions of the Income Tax Act, Defendants deny that the allegations in paragraph
 10 52 accurately reflect the complex and fact-specific nature of the application and
 11 interpretation of the transfer pricing provisions. Defendants deny that the Income
 12 Tax Act defines the term "Property" in the manner set forth in paragraph 35. Except
 13 as expressly admitted herein, Defendants deny each and every other allegation in
 14 paragraph 52.

15 53. Defendants deny the allegations in paragraph 53.

16 54. Defendants admit that the CRA issued Information Circular 87-2R in
 17 September 1999. Except as explicitly admitted herein, Defendants deny each and
 18 every other allegation in paragraph 54.¹³

19 55. To the extent that the allegations in paragraph 55 purport to summarize
 20 and/or characterize Information Circular 87-2R, Defendants deny that Plaintiffs'
 21 generalizations are complete or provide full context. Defendants admit that
 22 Plaintiffs purport to quote from portions of Section 247 of the Income Tax Act, but
 23 deny that the quoted excerpts are complete or provide full context. To the extent
 24 that the allegations in paragraph 55 purport to characterize Section 247 of the
 25 Income Tax Act, Defendants deny that the allegations in paragraph 55 accurately
 26 reflect the complex and fact-specific nature of the application and interpretation of
 27

28 ¹³ In response to footnote 19 of the Complaint, Defendants incorporate by
 reference their response to paragraph 54.

1 the transfer pricing provisions of the Income Tax Act. Except as explicitly admitted
2 herein, Defendants deny each and every other allegation in paragraph 55.

3 56. To the extent that the allegations in paragraph 56 purport to summarize
4 and/or characterize Information Circular 87-2 or the OECD transfer pricing
5 guidelines, Defendants deny that Plaintiffs' allegations are accurate, complete or
6 provide full context. Defendants admit that Plaintiffs purport to quote from the
7 OECD transfer pricing guidelines, but deny that the quoted excerpts are complete or
8 provide full context. Defendants deny that Information Circular 87-2E or the OECD
9 transfer pricing guidelines constitute law and/or are binding on Canadian
10 corporations. Except as explicitly admitted herein, Defendants deny each and every
11 other allegation in paragraph 56.¹⁴

12 57. Defendants Silver Wheaton, Smallwood, and Barnes admit, and
13 Defendant Brown admits as to the period June 2008 through December 31, 2010, as
14 follows: at various points in time, Silver Wheaton performed or contracted other
15 service providers, such as providers of engineering, exploration, financial advisory,
16 geological, investment banking, legal and technical services, to perform certain
17 services for SW Cayman, including the identification of opportunities for certain
18 streaming contracts, evaluation and valuation of mineral deposits, preliminary
19 negotiation of certain streaming contracts, and legal services. Defendants lack
20 knowledge or information sufficient to form a belief as to the truth of Plaintiffs'
21 allegations regarding such vague and undefined terms as "know-how," "intellectual
22 property," and "back-office functions," and on that basis, deny such allegations.
23 Defendants deny that the Income Tax Act defines the term "Property" in the manner
24 set forth in paragraph 35. Except as explicitly admitted herein, Defendants deny
25 each and every other allegation in paragraph 57.¹⁵

26
27 ¹⁴ In response to footnotes 20-23 of the Complaint, Defendants incorporate by
reference their response to paragraph 56.

28 ¹⁵ In response to footnote 24 of the Complaint, Defendants incorporate by
reference their response to paragraph 57. Defendants admit that, following the

58. Defendants admit that Silver Wheaton's Annual Information Form for fiscal year ended December 31, 2007 states "[c]urrently, the Corporation has 18 employees." Defendants admit that Silver Wheaton's Annual Information Form for fiscal year ended December 31, 2010 states "[c]urrently, the Company and its subsidiaries have an aggregate of 24 employees." Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 58.¹⁶

59. Defendants admit that Silver Wheaton performed or contracted with others to perform services in respect of the negotiation of certain precious metal purchase agreements. Defendants admit that, in addition to approval by the board of directors of SW Cayman, the principal terms of the transactions that culminated in a precious metal purchase agreement also were approved by the board of directors of Silver Wheaton. Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 59.

60. Defendants lack knowledge or information sufficient to form a belief as to Plaintiffs' meaning with respect to the term "senior officers," but admit that neither the Chief Executive Officer nor the Chief Financial Officer of Silver Wheaton was based in the Cayman Islands. Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 60.

acquisition of Silverstone Resources Corp. in May 2009, Silver Wheaton's past subsidiaries included Silverstone Resources (Barbados) Corp., which was wholly owned by SW Cayman. Defendants Silver Wheaton, Smallwood, and Brown deny that Silverstone Resources (Barbados) Corp. continued to be a subsidiary after December 31, 2012. Defendants lack knowledge or information sufficient to form a belief as to the truth of Plaintiffs' allegations regarding Plaintiffs' decisions regarding what to address in the Complaint, and on that basis, deny them.

¹⁶ In response to footnote 25 of the Complaint, Defendants incorporate by reference their response to paragraph 58. Defendants admit that Canadian Annual Information Forms contain information that is similar to certain of the information contained in annual reports filed with the SEC on Form 10-K. Defendants admit that Annual Information Forms in Canada do not include audited financial statements and that the financial statements are filed separately. Defendants deny that the description contained in footnote 25 reflects a complete summary of the similarities and differences between Annual Information Forms and SEC Forms 10-K.

1 61. Defendants deny the allegations in paragraph 61.

2 62. Defendants deny that Nik Tatarkin “was presented externally” as the
3 Executive Director of SW Cayman “throughout the Period, with the exception of 10
4 months in the treasury department of Silver Wheaton.” Defendants lack knowledge
5 or information sufficient to form a belief as to the truth of the allegations in
6 paragraph 62 regarding the referenced personal “LinkedIn profile of Nik Tatarkin,”
7 and on that basis, deny them. Defendants deny that Plaintiffs’ characterization of
8 Mr. Tatarkin’s experience is either complete or accurate.¹⁷

9 63. Defendants admit that Nik Tatarkin visited mines and clients with
10 Silver Wheaton employees. Defendants admit that Mr. Smallwood signed certain of
11 SW Cayman’s precious metal purchase agreements on behalf of Silver Wheaton as a
12 guarantor. Defendants deny that FE1 had any role or involvement in the negotiation
13 or preparation of contracts for SW Cayman. Except as explicitly admitted herein,
14 Defendants deny each and every other allegation in paragraph 63.

15 64. Defendants admit that FE1 reported to Brad Carpenter. Defendants
16 admit that Brad Carpenter reported to Nik Tatarkin. Defendants admit that, in his
17 past positions as Executive Director and subsequently, President, of SW Cayman,
18 Nik Tatarkin reported to the board of directors of SW Cayman. Except as explicitly
19 admitted herein, Defendants deny each and every other allegation in paragraph 64.

20 65. Defendants deny the allegations in paragraph 65.

21 66. Defendants admit that the consolidated financial reporting and
22 consolidated accounting functions for the Silver Wheaton group are performed by
23 finance personnel at Silver Wheaton, the corporate parent of the Silver Wheaton
24 group. Defendants deny that FE1’s description of the finance personnel in Canada
25 and their roles is accurate. Defendants deny that FE1 had any involvement in, or
26 personal knowledge of, the consolidated financial reporting or consolidated
27

28 ¹⁷ In response to footnote 26 of the Complaint, Defendants incorporate by
reference their response to paragraph 62.

1 accounting for Silver Wheaton. Except as explicitly admitted herein, Defendants
2 deny each and every other allegation in paragraph 66.

3 67. Defendants deny the allegations in paragraph 67.

4 68. Defendants deny the allegations in paragraph 68.

5 69. Defendants state that the allegations in the first sentence of paragraph
6 69 are unintelligible and on that basis, deny them. Defendants Silver Wheaton,
7 Smallwood, and Brown deny that the CRA visited SW Cayman in May 2011.
8 Defendants Silver Wheaton, Smallwood, and Brown admit that Bettina Charpentier,
9 Vice President, Tax of Silver Wheaton, visited SW Cayman in connection with the
10 CRA's tax audit of Silver Wheaton and related visit to Silver Wheaton's wholly
11 owned subsidiary in May 2012. Defendants Silver Wheaton, Smallwood, and
12 Brown admit that Ms. Charpentier participated in discussions with the CRA during
13 the CRA's visit to SW Cayman. Defendant Barnes lacks knowledge or information
14 sufficient to form a belief as to the truth of the allegations in paragraph 69, which
15 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
16 them. Except as explicitly admitted herein, Defendants deny each and every other
17 allegation in paragraph 69.

18 70. To the extent that the allegations in paragraph 70 purport to
19 characterize Silver Wheaton's 2006 annual report, Defendants Silver Wheaton,
20 Smallwood, and Barnes deny that Plaintiffs' selective characterizations are accurate,
21 complete, or provide full context. The contents of the 2006 annual report are a
22 matter of public record, and Defendants Silver Wheaton, Smallwood, and Barnes
23 refer the Court and Plaintiffs to the 2006 annual report for its complete and accurate
24 contents. Except as explicitly admitted herein, Defendants Silver Wheaton,
25 Smallwood, and Barnes deny each and every other allegation in paragraph 70.
26 Defendant Brown lacks knowledge or information sufficient to form a belief as to
27 the truth of the allegations regarding the 2006 annual report, which pertain to
28

1 matters that occurred prior to his tenure at Silver Wheaton, and on that basis, denies
2 them.

3 71. Defendants admit that Silver Wheaton provided or contracted others to
4 provide certain corporate development services to SW Cayman in connection with
5 certain of the precious metal purchase agreements to which SW Cayman was a
6 party. Defendants deny that Silver Wheaton provided corporate development
7 services to SW Cayman without consideration. Except as explicitly admitted herein,
8 Defendants deny each and every other allegation in paragraph 71.

9 72. Defendants deny the allegations in paragraph 72.

10 73. Defendants deny the allegations in paragraph 73.

11 74. Defendants deny the allegations in paragraph 74.

12 75. Defendant Silver Wheaton admits that, in the ordinary course of
13 business, wire transfers of varying amounts from SW Cayman to Silver Wheaton's
14 corporate bank account were made. Defendant Silver Wheaton denies Plaintiffs'
15 descriptions and characterizations of the wire transfers and denies each and every
16 other allegation in paragraph 75. Defendants Smallwood, Brown, and Barnes lack
17 knowledge or information regarding the purported activities of FE1 and thus lack
18 knowledge or information sufficient to form a belief as to the truth of the allegations
19 in paragraph 75, and on that basis, deny them.

20 76. Defendant Silver Wheaton denies the allegations in paragraph 76.
21 Defendants Smallwood, Brown, and Barnes lack knowledge or information
22 regarding the purported activities of FE1 and thus lack knowledge or information
23 sufficient to form a belief as to the truth of the allegations in paragraph 76, and on
24 that basis, deny them.

25 77. Defendant Silver Wheaton admits that FE1 performed certain limited
26 bookkeeping tasks at SW Cayman, including the recording of certain transfers.
27 Except as explicitly admitted herein, Defendant Silver Wheaton denies each and
28 every other allegation in paragraph 77. Defendants Smallwood, Brown, and Barnes

1 lack knowledge or information regarding the purported activities of FE1 and thus
2 lack knowledge or information sufficient to form a belief as to the truth of the
3 allegations in paragraph 77, and on that basis, deny them.

4 78. Defendant Silver Wheaton lacks knowledge or information regarding
5 the purported thoughts of FE1 and thus lacks knowledge or information sufficient to
6 form a belief as to the truth of such allegations. Defendant Silver Wheaton denies
7 each and every other allegation in paragraph 78. Defendants Smallwood, Brown,
8 and Barnes lack knowledge or information regarding the purported activities and/or
9 thoughts of FE1 and thus lack knowledge or information sufficient to form a belief
10 as to the truth of the allegations in paragraph 78, and on that basis, deny them.

11 79. Defendants lack knowledge or information sufficient to form a belief as
12 to the truth of the vague allegations in paragraph 79 regarding statements
13 purportedly made, or information purportedly provided, by FE1 to Plaintiffs'
14 representatives, and on that basis, deny them.

15 80. Defendants lack knowledge or information sufficient to form a belief as
16 to the truth of the vague allegations in paragraph 80 regarding statements
17 purportedly made by FE1 to Plaintiffs' representatives and/or FE1's understanding,
18 and on that basis, deny them.

19 81. Defendants deny the allegations in paragraph 81.

20 82. Defendants lack knowledge or information sufficient to form a belief as
21 to the truth of the allegations regarding statements purportedly made by FE1 to
22 Plaintiffs' representatives and/or FE1's thoughts, and on that basis, deny them.

23 83. Defendants lack knowledge or information sufficient to form a belief as
24 to the truth of the allegations regarding statements purportedly made, or information
25 purportedly provided, by FE1 to Plaintiffs' representatives, and on that basis, deny
26 them. Defendants deny each and every other allegation in paragraph 83.

1 84. Defendants admit that cash was loaned or repaid by SW Cayman to the
2 parent corporation in the ordinary course of business. Except as explicitly admitted
3 herein, Defendants deny each and every other allegation in paragraph 84.

4 85. Defendants lack knowledge or information sufficient to form a belief as
5 to the truth of the allegations regarding statements purportedly made, or information
6 purportedly provided, by FE1 to Plaintiffs' representatives, and on that basis, deny
7 them. Defendants deny each and every other allegation in paragraph 85.

8 86. Defendants lack knowledge or information sufficient to form a belief as
9 to the truth of the allegations regarding statements purportedly made, or information
10 purportedly provided, by FE1 to Plaintiffs' representatives, and on that basis, deny
11 them. Defendants deny each and every other allegation in paragraph 86.

12 87. Defendants admit that SW Cayman was funded primarily by equity and
13 debt from its sole shareholder. Defendants admit that Silver Wheaton raised funds
14 for investment in SW Cayman through a combination of share offerings and credit
15 agreements with banks. Defendants deny that all capital funding for SW Cayman's
16 precious metal purchase agreements was provided or facilitated by Silver Wheaton
17 and aver that SW Cayman used funds invested by its shareholder along with cash
18 generated from its operations to make upfront and other payments for precious metal
19 purchase agreements. Defendants lack knowledge or information sufficient to form
20 a belief as to the truth of the allegations regarding statements purportedly made, or
21 information purportedly provided, by FE1 to Plaintiffs' representatives, and on that
22 basis, deny them. Except as explicitly admitted herein, Defendants deny each and
23 every other allegation in paragraph 87.

24 88. Defendants admit that Silver Wheaton guaranteed certain obligations of
25 SW Cayman, including certain obligations in the Silver Purchase Agreement
26 referenced in paragraph 88, which agreement speaks for itself. Except as explicitly
27 admitted herein, Defendants deny each and every other allegation in paragraph 88.
28

1 89. Defendants lack knowledge or information sufficient to form a belief as
2 to the truth of the allegations in paragraph 89 regarding Nik Tatarkin's personal
3 LinkedIn resume, and on that basis, deny them. Defendants lack knowledge or
4 information sufficient to form a belief as to the truth of the allegations regarding
5 statements purportedly made, or information purportedly provided, by FE1 to
6 Plaintiffs' representatives, and on that basis, deny them. Defendants deny each and
7 every other allegation in paragraph 89.

8 90. Defendants admit that the website of Silver Wheaton,
9 www.silverwheaton.com, lists the address of SW Cayman under the heading
10 "Cayman Islands Office." Defendants deny that the Silver Wheaton website
11 contained such a description throughout the period from 2005 through 2010.
12 Defendants admit that Silver Wheaton's annual reports for fiscal years 2005 through
13 2010 reported the financial statements of the Silver Wheaton companies on a
14 consolidated basis, which included consolidated statements of operations. Except as
15 explicitly admitted herein, Defendants deny each and every other allegation in
16 paragraph 90.

17 91. Defendants lack knowledge or information sufficient to form a belief as
18 to the truth of the allegations regarding the purported willingness of unspecified
19 third parties to enter into contractual relationships, and on that basis, deny them.
20 Defendants deny each and every other allegation in paragraph 91.

21 92. Defendants deny that the application of the transfer pricing provisions
22 of the Income Tax Act is well-established. Defendants admit that Canadian
23 corporations are required to file a T106 form to report information relating to
24 transactions with non-arm's length non-resident persons. Except as explicitly
25 admitted herein, Defendants deny each and every other allegation in paragraph 92.

26 93. The allegations in paragraph 93 contain Plaintiffs' legal conclusions
27 and characterizations of Section 247 of the Income Tax Act and the unspecified
28 "published administrative policies of the CRA." Defendants lack knowledge or

1 information sufficient to form a belief as to the truth of the allegations regarding the
2 unspecified “published administrative policies of the CRA,” and on that basis, deny
3 them. Defendants deny that the allegations in paragraph 93 accurately reflect the
4 complex and fact-specific nature of the application and interpretation of the transfer
5 pricing provisions of the Income Tax Act. Defendants deny each and every other
6 allegation in paragraph 93.

7 94. The allegations in paragraph 94 contain Plaintiffs’ legal conclusions
8 and characterizations of the transfer pricing provisions of the Income Tax Act.
9 Defendants deny that the allegations in paragraph 94 accurately reflect the complex
10 and fact-specific nature of the application and interpretation of the transfer pricing
11 provisions of the Income Tax Act. Defendants deny each and every other allegation
12 in paragraph 94.

13 95. Defendants admit that Silver Wheaton provided or contracted others to
14 provide certain services to SW Cayman, including, but not limited to, the
15 identification of opportunities for streaming contracts, evaluation and valuation of
16 mineral deposits, preliminary negotiation of streaming contracts, and legal services
17 relating to contracts entered into by SW Cayman. Defendants admit that, for the
18 period 2005 through 2010, SW Cayman paid fees to SW Canada for such services
19 totaling in excess of Cdn\$33 million, which amount was based on transfer pricing
20 studies and advice rendered by PricewaterhouseCoopers (“PwC”). To the extent
21 that the allegations in paragraph 95 contain Plaintiffs’ legal conclusions and
22 characterizations of the transfer pricing provisions of the Income Tax Act,
23 Defendants deny that Plaintiffs’ conclusions and characterizations accurately reflect
24 the complex and fact-specific nature of the application and interpretation of the
25 transfer pricing provisions. Defendants deny that the Income Tax Act defines the
26 term “Property” in the manner set forth in paragraph 35. Except as explicitly
27 admitted herein, Defendants deny each and every other allegation in paragraph 95.

28 96. Defendants deny the allegations in paragraph 96.

1 97. Defendants Silver Wheaton, Smallwood, and Barnes admit that the
2 allegations in paragraph 97 purport to quote from the 2006 annual report.
3 Defendants Silver Wheaton, Smallwood, and Barnes deny that Plaintiffs' selective
4 quotations and characterizations of the 2006 annual report are complete, accurate, or
5 provide full context and deny Plaintiffs' characterizations of the report. The
6 contents of the 2006 annual report are a matter of public record, and Defendants
7 Silver Wheaton, Smallwood, and Barnes refer the Court and Plaintiffs to the 2006
8 annual report for its complete and accurate contents. Defendant Brown lacks
9 knowledge or information sufficient to form a belief as to the truth of the allegations
10 regarding the 2006 annual report, which pertain to matters that occurred prior to his
11 tenure at Silver Wheaton, and on that basis, denies them. Except as explicitly
12 admitted herein, Defendants deny each and every other allegation in paragraph 97.

13 98. Defendants Smallwood, Brown, and Barnes lack knowledge or
14 information sufficient to form a belief as to the truth of the allegations regarding the
15 decision in 2004 to incorporate SW Cayman in the Cayman Islands, and on that
16 basis, deny them. Defendants lack knowledge or information sufficient to form a
17 belief as to the truth of the allegations regarding statements purportedly made, or
18 information purportedly provided, by FE1 to Plaintiffs' representatives, and on that
19 basis, deny them. Defendants deny each and every other allegation in paragraph 98.

20 99. Defendants deny the allegations in paragraph 99.

21 100. To the extent the allegations in paragraph 100 purport to characterize
22 Silver Wheaton's annual reports and annual information forms, Defendants deny
23 Plaintiffs' allegations. The contents of Silver Wheaton's annual reports and annual
24 information forms are a matter of public record, and Defendants refer the Court and
25 Plaintiffs to the annual reports and annual information forms for their complete and
26 accurate contents. Defendants lack knowledge or information sufficient to form a
27 belief as to the truth of the vague allegations regarding unspecified "legislative
28

1 developments or changes,” and on that basis, deny them. Defendants deny each and
2 every other allegation in paragraph 100.

3 101. To the extent the allegations in paragraph 101 contain unsupported
4 conclusions and assumptions regarding the purported awareness of “[a]ll Canadian
5 companies,” Defendants lack knowledge or information sufficient to form a belief as
6 to the truth of the allegations regarding the purported awareness of “[a]ll Canadian
7 companies,” and on that basis, deny them. Defendants deny that the BEPS initiative
8 commenced in 2010, and on that basis, deny each and every other allegation in
9 paragraph 101.

10 102. Defendants deny the allegations in paragraph 102.

11 103. Defendants deny the allegations in paragraph 103.

12 104. Defendants deny the allegations in paragraph 104.

13 105. The allegations in paragraph 105 contain Plaintiffs’ legal conclusions
14 and characterization of the transfer pricing provisions of the Income Tax Act.
15 Defendants deny that the Income Tax Act defines the term “Property” in the manner
16 set forth in paragraph 35. Defendants deny that the allegations in paragraph 105
17 accurately reflect the complex and fact-specific nature of the application and
18 interpretation of the transfer pricing provisions of the Income Tax Act. Defendants
19 deny each and every other allegation in paragraph 105.

20 106. Defendants deny that the list in paragraph 106 accurately describes the
21 services provided by Silver Wheaton to SW Cayman. Defendants deny that Silver
22 Wheaton received no consideration for the services it provided to SW Cayman and
23 aver that, for the period 2005 through 2010, SW Cayman paid fees to SW Canada
24 for such services totaling in excess of Cdn\$33 million, which amount was based on
25 transfer pricing studies and advice rendered by PwC. Defendants deny that the
26 Income Tax Act defines the term “Property” in the manner set forth in paragraph 35.
27 Defendants deny each and every other allegation in paragraph 106.
28

107. Defendants Silver Wheaton, Smallwood, and Brown admit that the Company issued a press release on July 6, 2015. Defendants Silver Wheaton, Smallwood, and Brown deny that Plaintiffs' selective characterizations of the July 6, 2015 press release are complete, accurate, or provide full context and deny Plaintiffs' characterizations of the press release. The contents of the July 6, 2015 press release are a matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown refer the Court and Plaintiffs to the July 6, 2015 press release for its complete and accurate contents. Defendant Barnes lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 107, which pertain to matters and events after he left Silver Wheaton, and on that basis, denies them. Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 107.

108. Defendants admit that the CRA's general corporation income tax form addresses non-arm's length transactions with a non-resident. Defendants admit that CRA Form T106 pertains to non-arm's length transactions with a non-resident. Defendants admit that Silver Wheaton filed T106 Forms. Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 108.

109. Defendants admit that Section 233.1 of the Income Tax Act includes definitions of "reporting person" and "reportable transaction." To the extent that the allegations in paragraph 109 contain Plaintiffs' generalizations, legal conclusions, and characterizations of subsection 233.1 of the Income Tax Act, Defendants deny that Plaintiffs' allegations are complete or provide full context. Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 109.¹⁸

110. The allegations in paragraph 110 contain Plaintiffs' legal conclusions and characterizations of Canadian tax form T106. Defendants deny that Plaintiffs'

¹⁸ In response to footnote 27 of the Complaint, Defendants incorporate by reference their response to paragraph 109.

1 conclusions and characterizations of the T106 tax form are complete or provide full
 2 context. Defendants deny that the Income Tax Act defines the term “Property” in
 3 the manner set forth in paragraph 35.

4 111. Defendants admit the allegations in paragraph 111.

5 112. Defendants admit that the allegations in paragraph 112 purport to quote
 6 from, and characterize, the CRA Audit Manual. Defendants deny that the excerpted
 7 text and characterizations are complete or provide full context. Except as explicitly
 8 admitted herein, Defendants deny each and every other allegation in paragraph
 9 112.¹⁹

10 113. Defendants deny the allegations in paragraph 113.

11 114. Defendants deny that the allegations in the first sentence of paragraph
 12 114 accurately and completely describe Canadian tax law and the applicable legal
 13 standards or provide full context. Defendants deny the allegations in the second
 14 sentence of paragraph 114.²⁰

15 115. Defendants deny the allegations in paragraph 115.

16 116. Defendants deny the allegations in paragraph 116.

17 117. Defendants lack knowledge or information sufficient to form a belief as
 18 to the truth of the allegations in paragraph 117, and on that basis, deny them.

19 118. Defendants lack knowledge or information sufficient to form a belief as
 20 to the truth of the allegations in paragraph 118, and on that basis, deny them.

21 119. Defendants deny the allegations in paragraph 119.

22 120. Defendants deny the allegations in paragraph 120.

23
 24
 25 ¹⁹ In response to footnote 28 of the Complaint, Defendants incorporate by
 26 reference their response to paragraph 112. Defendants lack knowledge or
 27 information sufficient to form a belief as to the truth of the allegations regarding
 the purportedly “widely” held beliefs of unidentified persons, and on that basis,
 deny the allegations in footnote 28.

28 ²⁰ In response to footnote 29 of the Complaint, Defendants incorporate by
 reference their response to paragraph 114.

1 121. Defendants admit that generally accepted accounting principles are
2 referred to as “GAAP.” Except as explicitly admitted to herein, Defendants deny
3 each and every other allegation in paragraph 121.

4 122. Defendants admit that U.S. GAAP is commonly used by public
5 companies in the United States in connection with the preparation of certain
6 corporate financial statements. Defendants deny Plaintiffs’ broad generalizations
7 and assumptions regarding U.S. GAAP and/or Canadian GAAP and “companies in
8 the United States and Canada.” Except as explicitly admitted to herein, Defendants
9 deny each and every other allegation in paragraph 122.

10 123. Defendants deny that foreign issuers such as Silver Wheaton must
11 include financial statements prepared in accordance with U.S. GAAP in their annual
12 and quarterly reports filed with the SEC.

13 124. Defendants admit that paragraph 124 quotes a portion of SEC Rule 4-
14 01(a) of Regulation S-X, 17 C.F.R. § 210.4-01(a)(1), but deny that the excerpted
15 quote reflects the full content of SEC Rule 4-01(a).

16 125. Defendants admit that Silver Wheaton’s consolidated financial
17 statements for fiscal years ended December 31, 2005 through December 31, 2010
18 were prepared in accordance with Canadian generally accepted accounting
19 principles (“Canadian GAAP”).

20 126. Defendants admit that, during the Class Period, if a corporate issuer’s
21 annual financial statements were not prepared in accordance with U.S. GAAP or
22 International Financial Reporting Standards (“IFRS”), U.S. GAAP reconciliation
23 information was required to be provided. Defendants deny that all of Silver
24 Wheaton’s financial statements during the Class Period were prepared under
25 Canadian GAAP. Except as explicitly admitted herein, Defendants deny each and
26 every other allegation in paragraph 126.

27 127. Defendants state that the allegations in the first sentence of paragraph
28 127 are unintelligible, and on that basis, are denied. Defendants Silver Wheaton,

1 Smallwood, and Brown admit that, for fiscal years ended December 31, 2011
2 through 2014, Silver Wheaton prepared its consolidated financial statements in
3 accordance with International Financial Reporting Standards. Defendant Barnes
4 lacks knowledge or information sufficient to form a belief as to the truth of the
5 allegations in paragraph 127, which pertain to matters and events after he left Silver
6 Wheaton, and on that basis, denies them. Except as explicitly admitted herein,
7 Defendants deny each and every other allegation in paragraph 127.

8 128. Defendants deny that U.S. GAAP, Canadian GAAP, and IFRS apply
9 identical standards and deny Plaintiffs' characterizations and generalizations in
10 paragraph 128 regarding the application of such standards.

11 129. Defendants admit that the 2010 annual report states that Silver
12 Wheaton adopted ASC 740, which addresses the accounting for uncertainty in
13 income taxes, effective January 1, 2007. To the extent that the allegations in
14 paragraph 129 purport to characterize U.S. and Canadian GAAP requirements,
15 Defendants deny that Plaintiffs' generalizations and characterizations accurately
16 reflect the complex and fact-specific nature of the application and interpretation of
17 such requirements. Except as explicitly admitted herein, Defendants deny each and
18 every other allegation in paragraph 129.

19 130. Defendants deny the allegations in paragraph 130.

20 131. To the extent that the allegations in paragraph 131 purport to compare
21 various accounting standards, Defendants deny that IFRS, IAS 37, IAS 12, and ASC
22 740 are "quite similar" and deny that Plaintiffs' generalizations and
23 characterizations accurately reflect the complex and fact-specific nature of the
24 application and interpretation of such requirements. Defendants deny that "IFRS
25 12" addresses income taxes. Defendants deny each and every other allegation in
26 paragraph 131.

27 132. Defendants deny the allegations in paragraph 132.

28 133. Defendants deny the allegations in paragraph 133.

1 134. Defendants deny the allegations in paragraph 134.

2 135. Defendants deny the allegations in paragraph 135.

3 136. Defendants admit that the Company filed a Form 40-F for the fiscal
4 year ended December 31, 2010 with the SEC on March 30, 2011 (“2010 Form 40-
5 F”). Defendants admit that the 2010 Form 40-F included consolidated financial
6 statements for fiscal year ended December 31, 2010. Defendants admit that the
7 2010 Form 40-F was signed by Mr. Barnes. Defendants admit that the 2010 Form
8 40-F contained certifications pursuant to the Sarbanes-Oxley Act (“SOX”) signed by
9 Messrs. Barnes and Brown. To the extent that Plaintiffs purport to characterize the
10 2010 Form 40-F, Defendants deny that Plaintiffs’ characterization is complete or
11 provides full context. The contents of the 2010 Form 40-F are a matter of public
12 record, and Defendants refer the Court and Plaintiffs to the 2010 Form 40-F for its
13 complete and accurate contents. Except as explicitly admitted herein, Defendants
14 deny each and every other allegation in paragraph 136.

15 137. Defendants admit that the allegations in paragraph 137 purport to quote
16 from Silver Wheaton’s 2010 Form 40-F. Defendants admit that the excerpted
17 language appears in Silver Wheaton’s 2010 Form 40-F, but deny that the quoted text
18 is complete or provides full context. The contents of the 2010 Form 40-F are a
19 matter of public record, and Defendants refer the Court and Plaintiffs to the 2010
20 Form 40-F for its complete and accurate contents. Except as explicitly admitted
21 herein, Defendants deny each and every other allegation in paragraph 137.

22 138. Defendants admit that the allegations in paragraph 138 purport to quote
23 from Silver Wheaton’s 2010 Form 40-F. Defendants admit that the excerpted
24 language appears in Silver Wheaton’s 2010 Form 40-F, but deny that the quoted text
25 is complete or provides full context. The contents of the 2010 Form 40-F are a
26 matter of public record, and Defendants refer the Court and Plaintiffs to the 2010
27 Form 40-F for its complete and accurate contents. Except as explicitly admitted
28 herein, Defendants deny each and every other allegation in paragraph 138.

1 139. Defendants admit that the 2010 Form 40-F included balance sheets for
2 fiscal years ended December 31, 2009 and December 31, 2010.

3 140. Defendants deny the allegations in paragraph 140.

4 141. Defendants deny the allegations in paragraph 141.

5 142. Defendants deny the allegations in paragraph 142.

6 143. Defendants Silver Wheaton, Smallwood, and Brown admit that
7 representatives of the CRA visited SW Cayman but deny that such visit occurred in
8 May 2011. Defendants Silver Wheaton, Smallwood, and Brown admit that Bettina
9 Charpentier, Vice President, Tax of Silver Wheaton, visited SW Cayman in
10 connection with the CRA's tax audit of Silver Wheaton and related visit to Silver
11 Wheaton's wholly owned subsidiary in May 2012. Defendant Barnes lacks
12 knowledge or information sufficient to form a belief as to the truth of the allegations
13 in paragraph 143, which pertain to matters and events after he left Silver Wheaton,
14 and on that basis, denies them. Except as explicitly admitted herein, Defendants
15 deny each and every other allegation in paragraph 143.

16 144. Defendants admit that they were aware of the CRA audit as of March
17 30, 2011. To the extent that the allegations in paragraph 144 contain Plaintiffs'
18 legal conclusions and characterizations of subsection 247(4) of the Income Tax Act,
19 Defendants deny that Plaintiffs' generalizations are complete, accurate, or provide
20 full context. Defendants Silver Wheaton, Smallwood, and Brown admit that
21 representatives of the CRA visited SW Cayman but deny that such visit occurred in
22 May 2011. Defendant Barnes lacks knowledge or information sufficient to form a
23 belief as to the truth of the allegations in paragraph 144 that pertain to events after
24 he left Silver Wheaton, and on that basis, denies them. Except as explicitly admitted
25 herein, Defendants deny each and every other allegation in paragraph 144.

26 145. Defendants Silver Wheaton, Smallwood, and Brown admit that Silver
27 Wheaton filed SEC Forms 6-K on May 9, 2011, August 8, 2011, and November 9,
28 2011. Defendants Silver Wheaton, Smallwood, and Brown admit that the Forms 6-

1 K were signed by Mr. Smallwood. Defendants Silver Wheaton, Smallwood, and
2 Brown admit that the May 9, August 8, and November 9, 2011 Forms 6-K attached
3 quarterly reports containing the interim consolidated financial statements for the
4 periods ended March 31, June 30, and September 30, 2011 respectively. Defendants
5 Silver Wheaton, Smallwood, and Brown admit that the Forms 6-K contained signed
6 certifications by Messrs. Smallwood and Brown. Defendants admit that paragraph
7 145 purports to quote from the SEC Forms 6-K, but denies that the excerpted text is
8 complete or provides full context. The contents of the Forms 6-K are a matter of
9 public record, and Defendants Silver Wheaton, Smallwood, and Brown refer the
10 Court and Plaintiffs to the Forms 6-K for their complete and accurate contents.
11 Defendant Barnes lacks knowledge or information sufficient to form a belief as to
12 the truth of the allegations in paragraph 145, which pertain to matters and events
13 after he left Silver Wheaton, and on that basis, denies them. Except as explicitly
14 admitted herein, Defendants deny each and every other allegation in paragraph 145.

15 146. Defendants deny the allegations in paragraph 146.

16 147. Defendants Silver Wheaton, Smallwood, and Brown admit that the
17 Company filed a Form 40-F for the fiscal year ended December 31, 2011 with the
18 SEC on March 27, 2012 ("2011 Form 40-F"). Defendants Silver Wheaton,
19 Smallwood, and Brown admit that the 2011 Form 40-F contained consolidated
20 financial statements for fiscal year ended December 31, 2011. Defendants Silver
21 Wheaton, Smallwood, and Brown admit that the 2011 Form 40-F was signed by Mr.
22 Smallwood. Defendants Silver Wheaton, Smallwood, and Brown admit that the
23 2011 Form 40-F contained SOX certifications signed by Messrs. Smallwood and
24 Brown. To the extent that Plaintiffs purport to characterize the 2011 Form 40-F,
25 Defendants Silver Wheaton, Smallwood, and Brown deny that Plaintiffs'
26 characterization is complete or provides full context. The contents of the 2011 Form
27 40-F are a matter of public record, and Defendants Silver Wheaton, Smallwood, and
28 Brown refer the Court and Plaintiffs to the 2011 Form 40-F for its complete and

1 accurate contents. Defendant Barnes lacks knowledge or information sufficient to
2 form a belief as to the truth of the allegations in paragraph 147, which pertain to
3 matters and events after he left Silver Wheaton, and on that basis, denies them.
4 Except as explicitly admitted herein, Defendants deny each and every other
5 allegation in paragraph 147.

6 148. Defendants Silver Wheaton, Smallwood, and Brown admit that the
7 excerpted language in paragraph 148 appears in Silver Wheaton's 2011 Form 40-F.
8 The contents of the 2011 Form 40-F are a matter of public record, and Defendants
9 Silver Wheaton, Smallwood, and Brown refer the Court and Plaintiffs to the 2011
10 Form 40-F for its complete and accurate contents. Defendant Barnes lacks
11 knowledge or information sufficient to form a belief as to the truth of the allegations
12 in paragraph 148, which pertain to matters and events after he left Silver Wheaton,
13 and on that basis, denies them. Except as explicitly admitted herein, Defendants
14 deny each and every other allegation in paragraph 148.

15 149. Defendants Silver Wheaton, Smallwood, and Brown admit that the
16 allegations in paragraph 149 purport to quote from Silver Wheaton's 2011 Form 40-
17 F. Defendants Silver Wheaton, Smallwood, and Brown admit that the excerpted
18 language appears in Silver Wheaton's 2011 Form 40-F, but deny that the quoted text
19 is complete or provides full context. The contents of the 2011 Form 40-F are a
20 matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
21 refer the Court and Plaintiffs to the 2011 Form 40-F for its complete and accurate
22 contents. Defendant Barnes lacks knowledge or information sufficient to form a
23 belief as to the truth of the allegations in paragraph 149, which pertain to matters
24 and events after he left Silver Wheaton, and on that basis, denies them. Except as
25 explicitly admitted herein, Defendants deny each and every other allegation in
26 paragraph 149.

27 150. Defendants Silver Wheaton, Smallwood, and Brown admit that the
28 2011 Form 40-F contained consolidated balance sheets for fiscal years ended

1 December 31, 2011 and December 31, 2010. Defendant Barnes lacks knowledge or
2 information sufficient to form a belief as to the truth of the allegations in paragraph
3 150, which pertain to matters and events after he left Silver Wheaton, and on that
4 basis, denies them.

5 151. Defendants Silver Wheaton, Smallwood, and Brown deny the
6 allegations in paragraph 151. Defendant Barnes lacks knowledge or information
7 sufficient to form a belief as to the truth of the allegations in paragraph 151, which
8 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
9 them.

10 152. Defendants Silver Wheaton, Smallwood, and Brown deny the
11 allegations in paragraph 152. Defendant Barnes lacks knowledge or information
12 sufficient to form a belief as to the truth of the allegations in paragraph 152, which
13 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
14 them.

15 153. Defendants Silver Wheaton, Smallwood, and Brown deny the
16 allegations in paragraph 153. Defendant Barnes lacks knowledge or information
17 sufficient to form a belief as to the truth of the allegations in paragraph 153, which
18 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
19 them.

20 154. Defendants Silver Wheaton, Smallwood, and Brown admit that the
21 Company filed a Form 40-F for the fiscal year ended December 31, 2012 with the
22 SEC on April 2, 2013 ("2012 Form 40-F"). Defendants Silver Wheaton,
23 Smallwood, and Brown admit that the 2012 Form 40-F contained consolidated
24 financial statements for fiscal year ended December 31, 2012. Defendants Silver
25 Wheaton, Smallwood, and Brown admit that the 2012 Form 40-F was signed by Mr.
26 Smallwood. Defendants Silver Wheaton, Smallwood, and Brown admit that the
27 2012 Form 40-F contained SOX certifications signed by Messrs. Smallwood and
28 Brown. To the extent that Plaintiffs purport to characterize the 2012 Form 40-F,

1 Defendants Silver Wheaton, Smallwood, and Brown deny that Plaintiffs'
2 characterization is complete or provides full context. The contents of the 2012 Form
3 40-F are a matter of public record, and Defendants Silver Wheaton, Smallwood, and
4 Brown refer the Court and Plaintiffs to the 2012 Form 40-F for its complete and
5 accurate contents. Defendant Barnes lacks knowledge or information sufficient to
6 form a belief as to the truth of the allegations in paragraph 154, which pertain to
7 matters and events after he left Silver Wheaton, and on that basis, denies them.
8 Except as explicitly admitted herein, Defendants deny each and every other
9 allegation in paragraph 154.

10 155. Defendants Silver Wheaton, Smallwood, and Brown admit that the
11 2012 Form 40-F stated that the Company's audited annual consolidated financial
12 statements for the fiscal year ended December 31, 2012, had been prepared in
13 accordance with International Financial Reporting Standards, as issued by the
14 International Accounting Standards Board. The contents of the 2012 Form 40-F are
15 a matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
16 refer the Court and Plaintiffs to the 2012 Form 40-F for its complete and accurate
17 contents. Defendant Barnes lacks knowledge or information sufficient to form a
18 belief as to the truth of the allegations in paragraph 155, which pertain to matters
19 and events after he left Silver Wheaton, and on that basis, denies them.

20 156. Defendants Silver Wheaton, Smallwood, and Brown admit that the
21 allegations in paragraph 156 purport to quote from Silver Wheaton's 2012 Form 40-
22 F. Defendants Silver Wheaton, Smallwood, and Brown admit that the excerpted
23 language appears in Silver Wheaton's 2012 Form 40-F, but deny that the quoted text
24 is complete or provides full context. The contents of the 2012 Form 40-F are a
25 matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
26 refer the Court and Plaintiffs to the 2012 Form 40-F for its complete and accurate
27 contents. Defendant Barnes lacks knowledge or information sufficient to form a
28 belief as to the truth of the allegations in paragraph 156, which pertain to matters

1 and events after he left Silver Wheaton, and on that basis, denies them. Except as
2 explicitly admitted herein, Defendants deny each and every other allegation in
3 paragraph 156.

4 157. Defendants Silver Wheaton, Smallwood, and Brown admit that the
5 2012 Form 40-F contained balance sheets for fiscal years ended December 31, 2012
6 and December 31, 2011. Defendant Barnes lacks knowledge or information
7 sufficient to form a belief as to the truth of the allegations in paragraph 157, which
8 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
9 them, and on that basis, denies them.

10 158. Defendants Silver Wheaton, Smallwood, and Brown deny the
11 allegations in paragraph 158. Defendant Barnes lacks knowledge or information
12 sufficient to form a belief as to the truth of the allegations in paragraph 158, which
13 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
14 them.

15 159. Defendants Silver Wheaton, Smallwood, and Brown deny the
16 allegations in paragraph 159. Defendant Barnes lacks knowledge or information
17 sufficient to form a belief as to the truth of the allegations in paragraph 159, which
18 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
19 them.

20 160. Defendants Silver Wheaton, Smallwood, and Brown deny the
21 allegations in paragraph 160. Defendant Barnes lacks knowledge or information
22 sufficient to form a belief as to the truth of the allegations in paragraph 160, which
23 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
24 them.

25 161. Defendants Silver Wheaton, Smallwood, and Brown admit that the
26 Company filed a Form 40-F for the fiscal year ended December 31, 2013 with the
27 SEC on March 31, 2014 ("2013 Form 40-F"). Defendants Silver Wheaton,
28 Smallwood, and Brown admit that the 2013 Form 40-F contained consolidated

1 financial statements for fiscal year ended December 31, 2013. Defendants Silver
2 Wheaton, Smallwood, and Brown admit that the 2013 Form 40-F was signed by Mr.
3 Smallwood. Defendants Silver Wheaton, Smallwood, and Brown admit that the
4 2013 Form 40-F contained SOX certifications signed by Messrs. Smallwood and
5 Brown. To the extent that Plaintiffs purport to characterize the 2013 Form 40-F,
6 Defendants Silver Wheaton, Smallwood, and Brown deny that Plaintiffs'
7 characterization is complete or provides full context. The contents of the 2013 Form
8 40-F are a matter of public record, and Defendants Silver Wheaton, Smallwood, and
9 Brown refer the Court and Plaintiffs to the 2013 Form 40-F for its complete and
10 accurate contents. Defendant Barnes lacks knowledge or information sufficient to
11 form a belief as to the truth of the allegations in paragraph 161, which pertain to
12 matters and events after he left Silver Wheaton, and on that basis, denies them.
13 Except as explicitly admitted herein, Defendants deny each and every other
14 allegation in paragraph 161.

15 162. Defendants Silver Wheaton, Smallwood, and Brown admit that the
16 2013 Form 40-F stated that the Company's audited annual consolidated financial
17 statements for the fiscal year ended December 31, 2013, had been prepared in
18 accordance with International Financial Reporting Standards, as issued by the
19 International Accounting Standards Board. The contents of the 2013 Form 40-F are
20 a matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
21 refer the Court and Plaintiffs to the 2013 Form 40-F for its complete and accurate
22 contents. Defendant Barnes lacks knowledge or information sufficient to form a
23 belief as to the truth of the allegations in paragraph 162, which pertain to matters
24 and events after he left Silver Wheaton, and on that basis, denies them.

25 163. Defendants Silver Wheaton, Smallwood, and Brown admit that the
26 allegations in paragraph 163 purport to quote from Silver Wheaton's 2013 Form 40-
27 F. Defendants Silver Wheaton, Smallwood, and Brown admit that the excerpted
28 language appears in Silver Wheaton's 2013 Form 40-F, but deny that the quoted text

1 is complete or provides full context. The contents of the 2013 Form 40-F are a
2 matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
3 refer the Court and Plaintiffs to the 2013 Form 40-F for its complete and accurate
4 contents. Defendant Barnes lacks knowledge or information sufficient to form a
5 belief as to the truth of the allegations in paragraph 163, which pertain to matters
6 and events after he left Silver Wheaton, and on that basis, denies them.

7 164. Defendants Silver Wheaton, Smallwood, and Brown admit that the
8 2013 Form 40-F contained balance sheets for fiscal years ended December 31, 2013
9 and December 31, 2012. Defendant Barnes lacks knowledge or information
10 sufficient to form a belief as to the truth of the allegations in paragraph 164, which
11 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
12 them.

13 165. Defendants Silver Wheaton, Smallwood, and Brown deny the
14 allegations in paragraph 165. Defendant Barnes lacks knowledge or information
15 sufficient to form a belief as to the truth of the allegations in paragraph 165, which
16 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
17 them.

18 166. Defendants Silver Wheaton, Smallwood, and Brown deny the
19 allegations in paragraph 166. Defendant Barnes lacks knowledge or information
20 sufficient to form a belief as to the truth of the allegations in paragraph 166, which
21 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
22 them.

23 167. Defendants Silver Wheaton, Smallwood, and Brown deny the
24 allegations in paragraph 167. Defendant Barnes lacks knowledge or information
25 sufficient to form a belief as to the truth of the allegations in paragraph 167, which
26 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
27 them.

1 168. Defendants Silver Wheaton, Smallwood, and Brown admit that the
2 Company filed a Form 40-F for the fiscal year ended December 31, 2014 with the
3 SEC on March 31, 2015 (“2014 Form 40-F”). Defendants Silver Wheaton,
4 Smallwood, and Brown admit that the 2014 Form 40-F contained consolidated
5 financial statements for the fiscal year ended December 31, 2014. Defendants Silver
6 Wheaton, Smallwood, and Brown admit that the 2014 Form 40-F was signed by Mr.
7 Smallwood. Defendants Silver Wheaton, Smallwood, and Brown admit that the
8 2014 Form 40-F contained SOX certifications signed by Messrs. Smallwood and
9 Brown. To the extent that Plaintiffs purport to characterize the 2014 Form 40-F,
10 Defendants Silver Wheaton, Smallwood, and Brown deny that Plaintiffs’
11 characterization is complete or provides full context. The contents of the 2014 Form
12 40-F are a matter of public record, and Defendants Silver Wheaton, Smallwood, and
13 Brown refer the Court and Plaintiffs to the 2014 Form 40-F for its complete and
14 accurate contents. Defendant Barnes lacks knowledge or information sufficient to
15 form a belief as to the truth of the allegations in paragraph 168, which pertain to
16 matters and events after he left Silver Wheaton, and on that basis, denies them.
17 Except as explicitly admitted herein, Defendants deny each and every other
18 allegation in paragraph 168.

19 169. Defendants Silver Wheaton, Smallwood, and Brown admit that the
20 2014 Form 40-F stated that the Company’s audited annual consolidated financial
21 statements for the fiscal year ended December 31, 2014, had been prepared in
22 accordance with International Financial Reporting Standards, as issued by the
23 International Accounting Standards Board. The contents of the 2014 Form 40-F are
24 a matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
25 refer the Court and Plaintiffs to the 2014 Form 40-F for its complete and accurate
26 contents. Defendant Barnes lacks knowledge or information sufficient to form a
27 belief as to the truth of the allegations in paragraph 169, which pertain to matters
28 and events after he left Silver Wheaton, and on that basis, denies them.

1 170. Defendants Silver Wheaton, Smallwood, and Brown admit that the
2 allegations in paragraph 170 purport to quote from Silver Wheaton's 2014 Form 40-
3 F. Defendants Silver Wheaton, Smallwood, and Brown admit that the excerpted
4 language appears in Silver Wheaton's 2014 Form 40-F, but deny that the quoted text
5 is complete or provides full context. The contents of the 2014 Form 40-F are a
6 matter of public record, and Defendants Silver Wheaton, Smallwood, and Brown
7 refer the Court and Plaintiffs to the 2014 Form 40-F for its complete and accurate
8 contents. Defendant Barnes lacks knowledge or information sufficient to form a
9 belief as to the truth of the allegations in paragraph 170, which pertain to matters
10 and events after he left Silver Wheaton, and on that basis, denies them.

11 171. Defendants Silver Wheaton, Smallwood, and Brown admit that the
12 2014 Form 40-F contained balance sheets for fiscal years ended December 31, 2014
13 and December 31, 2013. Defendant Barnes lacks knowledge or information
14 sufficient to form a belief as to the truth of the allegations in paragraph 171, which
15 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
16 them.

17 172. Defendants Silver Wheaton, Smallwood, and Brown deny the
18 allegations in paragraph 172. Defendant Barnes lacks knowledge or information
19 sufficient to form a belief as to the truth of the allegations in paragraph 172, which
20 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
21 them.

22 173. Defendants Silver Wheaton, Smallwood, and Brown deny the
23 allegations in paragraph 173. Defendant Barnes lacks knowledge or information
24 sufficient to form a belief as to the truth of the allegations in paragraph 173, which
25 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
26 them.

27 174. Defendants Silver Wheaton, Smallwood, and Brown deny the
28 allegations in paragraph 174. Defendant Barnes lacks knowledge or information

1 sufficient to form a belief as to the truth of the allegations in paragraph 174, which
2 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
3 them.

4 175. Defendants Silver Wheaton, Smallwood, and Brown admit that
5 paragraph 175 contains excerpts from the Company's July 6, 2015 press release, but
6 deny that the quoted text constitutes the complete content of the July 6, 2015 press
7 release or provides full context. Defendants Silver Wheaton, Smallwood, and
8 Brown deny any emphasis added by Plaintiffs through the use of italics and bold
9 font. The contents of the July 6, 2015 press release are a matter of public record,
10 and Defendants Silver Wheaton, Smallwood, and Brown refer the Court and
11 Plaintiffs to the July 6, 2015 press release for its complete and accurate contents.
12 Defendant Barnes lacks knowledge or information sufficient to form a belief as to
13 the truth of the allegations in paragraph 175, which pertain to matters and events
14 after he left Silver Wheaton, and on that basis, denies them. Except as explicitly
15 admitted herein, Defendants deny each and every other allegation in paragraph 175.

16 176. Defendants admit that the price of Silver Wheaton stock on the NYSE
17 closed at \$17.54 on July 6, 2015. Defendants admit the price of Silver Wheaton
18 stock opened at \$16.64 on July 7, 2015, which was approximately \$0.90 less than
19 the closing price on July 6, 2015. Defendants admit that the price of Silver Wheaton
20 stock closed at \$15.46 on July 7, 2015, or approximately 12% lower than the closing
21 price on July 6, 2015. Except as explicitly admitted herein, Defendants deny each
22 and every other allegation in paragraph 176.

23 177. Defendants Silver Wheaton, Smallwood, and Brown admit that Dundee
24 Capital Markets issued an analyst report on July 8, 2015. Defendants Silver
25 Wheaton, Smallwood, and Brown deny that Plaintiffs' selective characterizations
26 are complete, accurate, or provide full context and deny Plaintiffs' characterizations
27 of the July 8, 2015 analyst report. The contents of the July 8, 2015 analyst report
28 are a matter of public record, and Defendants Silver Wheaton, Smallwood, and

1 Brown refer the Court and Plaintiffs to the July 8, 2015 analyst report for its
2 complete and accurate contents. Defendant Barnes lacks knowledge or information
3 sufficient to form a belief as to the truth of the allegations in paragraph 177, which
4 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
5 them. Except as explicitly admitted herein, Defendants deny the allegations in
6 paragraph 177.

7 178. Defendants Silver Wheaton, Smallwood, and Brown admit that CIBC
8 issued an analyst report on August 12, 2015. Defendants Silver Wheaton,
9 Smallwood, and Brown deny that Plaintiffs' selective characterizations of the
10 August 12, 2015 analyst report are complete, accurate, or provide full context and
11 deny Plaintiffs' characterizations of the report. The contents of the August 12, 2015
12 analyst report are a matter of public record, and Defendants Silver Wheaton,
13 Smallwood, and Brown refer the Court and Plaintiffs to the August 12, 2015 analyst
14 report for its complete and accurate contents. Defendant Barnes lacks knowledge or
15 information sufficient to form a belief as to the truth of the allegations in paragraph
16 178, which pertain to matters and events after he left Silver Wheaton, and on that
17 basis, denies them. Except as explicitly admitted herein, Defendants deny the
18 allegations in paragraph 178.

19 179. Defendants Silver Wheaton, Smallwood, and Brown admit that JP
20 Morgan issued an analyst report on August 13, 2015. Defendants Silver Wheaton,
21 Smallwood, and Brown deny that Plaintiffs' selective characterizations of the
22 August 13, 2015 analyst report are complete, accurate, or provide full context and
23 deny Plaintiffs' characterizations of the report. The contents of the August 13, 2015
24 analyst report are a matter of public record, and Defendants Silver Wheaton,
25 Smallwood, and Brown refer the Court and Plaintiffs to the August 13, 2015 analyst
26 report for its complete and accurate contents. Defendant Barnes lacks knowledge or
27 information sufficient to form a belief as to the truth of the allegations in paragraph
28 179, which pertain to matters and events after he left Silver Wheaton, and on that

1 basis, denies them. Except as explicitly admitted herein Defendants deny the
2 allegations in paragraph 179.

3 180. Defendants deny the allegations in paragraph 180.

4 181. Defendants admit a file of outgoing wire transfers was maintained by
5 SW Cayman. Defendant Silver Wheaton denies that FE1 had an individual office at
6 SW Cayman. Defendant Silver Wheaton denies that the referenced file containing
7 wire transfer information belonged to or was a personal file of FE1. Defendants
8 Smallwood, Brown, and Barnes lack knowledge or information regarding the
9 purported activities of FE1 and thus lack knowledge or information sufficient to
10 form a belief as to the truth of such allegations, and on that basis, deny them.
11 Except as explicitly admitted herein, Defendants deny each and every other
12 allegation in paragraph 181.

13 182. Defendants admit that a file of outgoing wire transfers was maintained
14 by SW Cayman. Defendant Silver Wheaton denies that FE1 had an individual
15 office at SW Cayman. Defendant Silver Wheaton denies that the referenced file
16 containing wire transfer information belonged to or was a personal file of FE1.
17 Defendant Silver Wheaton admits that FE1 performed certain clerical tasks relating
18 to wire transfers but denies that FE1 had authorization to send wire transfers.
19 Defendants Smallwood, Brown, and Barnes lack knowledge or information
20 regarding the purported activities of FE1 and thus lack knowledge or information
21 sufficient to form a belief as to the truth of such allegations, and on that basis, deny
22 them. Except as explicitly admitted herein, Defendants deny each and every other
23 allegation in paragraph 182.

24 183. Defendant Silver Wheaton admits that FE1 had certain filekeeping
25 responsibilities with respect to SW Cayman files. Defendant Silver Wheaton denies
26 that FE1 maintained all of the financial records for SW Cayman. Defendant Silver
27 Wheaton denies that FE1 had an individual office at SW Cayman. Defendant Silver
28 Wheaton denies that the referenced file containing wire transfer information or any

1 other SW Cayman files belonged to or were personal files of FE1. Defendants
2 Smallwood, Brown, and Barnes lack knowledge or information regarding the
3 purported activities and/or knowledge of FE1 and thus lack knowledge or
4 information sufficient to form a belief as to the truth of such allegations, and on that
5 basis, deny them. Except as explicitly admitted herein, Defendants deny each and
6 every other allegation in paragraph 183.

7 184. Defendant Silver Wheaton admits that Sarbanes-Oxley (“SOX”) audits
8 were conducted at SW Cayman, and in connection with such audits, certain files,
9 including wire transfer records, were provided to independent third party SOX
10 auditors. Defendant Silver Wheaton denies that FE1 had an individual office at SW
11 Cayman. Defendant Silver Wheaton denies that the referenced file containing wire
12 transfer information or any other SW Cayman files belonged to or were personal
13 files of FE1. Defendants Smallwood, Brown, and Barnes lack knowledge or
14 information regarding the purported activities of FE1 and thus lack knowledge or
15 information sufficient to form a belief as to the truth of such allegations, and on that
16 basis, deny them. Except as explicitly admitted herein, Defendants deny each and
17 every other allegation in paragraph 184.

18 185. Defendant Silver Wheaton denies the allegations in paragraph 185.
19 Defendants Smallwood, Brown, and Barnes lack knowledge or information
20 regarding the purported activities and/or beliefs of FE1 and thus lack knowledge or
21 information sufficient to form a belief as to the truth of such allegations, and on that
22 basis, deny them.

23 186. Defendant Silver Wheaton denies that the referenced wire transfer file
24 “went missing.” Defendant Silver Wheaton admits that, in connection with SOX
25 audits conducted at SW Cayman, certain files, including wire transfer records, were
26 provided to independent third party SOX auditors. Defendant Silver Wheaton
27 admits that FE1’s responsibilities included filing and re-filing of SW Cayman files.
28 Defendant Silver Wheaton denies that FE1 had an individual office at SW Cayman.

1 Defendant Silver Wheaton denies that the referenced file containing wire transfer
2 information or any other SW Cayman files belonged to or were personal files of
3 FE1. Defendants Smallwood, Brown, and Barnes lack knowledge or information
4 regarding the purported activities and/or knowledge of FE1 and thus lack knowledge
5 or information sufficient to form a belief as to the truth of such allegations, and on
6 that basis, deny them. Defendants lack knowledge or information sufficient to form
7 a belief as to the truth of the allegations regarding statements purportedly made, or
8 information purportedly provided, by FE1 to Plaintiffs' representatives, and on that
9 basis, deny them. Except as explicitly admitted herein, Defendants deny each and
10 every other allegation in paragraph 186.

11 187. Defendant Silver Wheaton admits that Nik Tatarkin periodically would
12 access wire transfer documentation for the purpose of reviewing and/or authorizing
13 wire transfers as part of his responsibilities. Defendants Smallwood, Brown, and
14 Barnes lack knowledge or information regarding the purported activities of FE1 and
15 thus lack knowledge or information sufficient to form a belief as to the truth of such
16 allegations, and on that basis, deny them. Defendants lack knowledge or
17 information sufficient to form a belief as to the truth of the allegations regarding
18 statements purportedly made, or information purportedly provided, by FE1 to
19 Plaintiffs' representatives, and on that basis, deny them. Except as explicitly
20 admitted herein, Defendants deny each and every other allegation in paragraph 187.

21 188. Defendant Silver Wheaton denies the allegations in paragraph 188.
22 Defendants Smallwood, Brown, and Barnes lack knowledge or information
23 regarding the purported activities of FE1 and thus lack knowledge or information
24 sufficient to form a belief as to the truth of such allegations, and on that basis, deny
25 them.

26 189. Defendants lack knowledge or information sufficient to form a belief as
27 to the truth of the allegations regarding statements purportedly made, or information
28 purportedly provided, by FE1 to Plaintiffs' representatives, and on that basis, deny

1 them. Defendant Silver Wheaton states that the use of the word “auditors” is
2 unclear and denies each and every allegation in paragraph 189. Defendants
3 Smallwood, Brown, and Barnes lack knowledge or information regarding the
4 purported activities and/or opinions of FE1 and thus lack knowledge or information
5 sufficient to form a belief as to the truth of such allegations, and on that basis, deny
6 them.

7 190. Defendant Silver Wheaton denies that FE1 had any involvement in
8 preparing quarterly financial reports in the Cayman Islands. Defendants
9 Smallwood, Brown, and Barnes lack knowledge or information regarding the
10 purported activities of FE1 and thus lack knowledge or information sufficient to
11 form a belief as to the truth of such allegations, and on that basis, deny them.
12 Defendants admit that SW Cayman did not prepare a Canadian tax report because
13 no such report was required.

14 191. Defendant Silver Wheaton admits that FE1 had no involvement in
15 preparing quarterly financial reports in the Cayman Islands. Defendants lack
16 knowledge or information sufficient to form a belief as to the truth of the allegations
17 regarding what FE1 may or may not have reviewed, and on that basis, deny them.
18 Defendants Smallwood, Brown, and Barnes lack knowledge or information
19 regarding the purported activities of FE1 and thus lack knowledge or information
20 sufficient to form a belief as to the truth of such allegations, and on that basis, deny
21 them.

22 192. Defendants admit that SW Cayman did not prepare a Canadian tax
23 report because no such report was required. Defendants lack knowledge or
24 information sufficient to form a belief as to the truth of the allegations regarding the
25 information FE1 purportedly reviewed at Silver Wheaton and/or “other foreign
26 companies,” and on that basis, deny them.

27 193. Defendant Silver Wheaton denies the allegations in paragraph 193.
28 Defendants Smallwood, Brown, and Barnes lack knowledge or information

1 regarding the purported activities of FE1 and thus lack knowledge or information
2 sufficient to form a belief as to the truth of such allegations, and on that basis, deny
3 them.

4 194. Defendants Silver Wheaton, Smallwood, and Brown deny that CRA
5 representatives visited SW Cayman in May 2011, but admit that CRA
6 representatives visited SW Cayman in May 2012. Defendants Silver Wheaton,
7 Smallwood, and Brown deny that the allegations in paragraph 194 accurately
8 describe the stated purpose of the CRA's visit to SW Cayman. Except as explicitly
9 admitted herein, Defendants Silver Wheaton, Smallwood, and Brown deny each and
10 every other allegation in paragraph 194. Defendant Barnes lacks knowledge or
11 information sufficient to form a belief as to the truth of the allegations in paragraph
12 194, which pertain to matters and events after he left Silver Wheaton, and on that
13 basis, denies them.

14 195. Defendants deny that FE1 had any role in or knowledge of Silver
15 Wheaton's tax accounting or tax reporting. Defendants lack knowledge or
16 information sufficient to form a belief as to the truth of the allegations regarding
17 FE1's purported suspicions, and on that basis, deny them. Defendants deny each
18 and every other allegation in paragraph 195.

19 196. Defendants Silver Wheaton, Smallwood, and Brown deny that CRA
20 representatives visited SW Cayman in May 2011 but admit that representatives from
21 the CRA visited SW Cayman in May 2012 in connection with its audit of Silver
22 Wheaton. Except as explicitly admitted herein, Defendants Silver Wheaton,
23 Smallwood, and Brown deny each and every other allegation in paragraph 196 of
24 the Complaint. Defendant Barnes lacks knowledge or information sufficient to form
25 a belief as to the truth of the allegations in paragraph 196, which pertain to matters
26 and events after he left Silver Wheaton, and on that basis, denies them.

27 197. Defendants Silver Wheaton, Smallwood, and Brown admit that Bettina
28 Charpentier, Vice President, Tax of Silver Wheaton, visited SW Cayman in

1 connection with the CRA's tax audit of Silver Wheaton and related visit to Silver
2 Wheaton's wholly owned subsidiary in May 2012. Except as explicitly admitted
3 herein, Defendants Silver Wheaton, Smallwood, and Brown deny each and every
4 other allegation in paragraph 197 of the Complaint. Defendant Barnes lacks
5 knowledge or information sufficient to form a belief as to the truth of the allegations
6 in paragraph 197, which pertain to matters and events after he left Silver Wheaton,
7 and on that basis, denies them.

8 198. Defendants Silver Wheaton, Smallwood, and Brown admit that SW
9 Cayman employees were provided documents containing general information
10 regarding the interview process. Defendants Silver Wheaton, Smallwood, and
11 Brown deny that the documents "listed what [FE1] might be asked and what her
12 answers should be." Except as explicitly admitted herein, Defendants Silver
13 Wheaton, Smallwood, and Brown deny each and every other allegation in paragraph
14 198. Defendant Barnes lacks knowledge or information sufficient to form a belief
15 as to the truth of the allegations in paragraph 198, which pertain to matters and
16 events after he left Silver Wheaton, and on that basis, denies them.

17 199. Defendants Silver Wheaton, Smallwood, and Brown admit that the
18 interview documents included general guidelines regarding providing concise and
19 truthful responses to questions. Except as explicitly admitted herein, Defendants
20 Silver Wheaton, Smallwood, and Brown deny each and every other allegation in
21 paragraph 199. Defendant Barnes lacks knowledge or information sufficient to form
22 a belief as to the truth of the allegations in paragraph 199, which pertain to matters
23 and events after he left Silver Wheaton, and on that basis, denies them.

24 200. Defendants Silver Wheaton, Smallwood, and Brown admit that the
25 interview documents included general guidelines regarding providing concise and
26 truthful responses to questions. Defendants lack knowledge or information
27 sufficient to form a belief as to the truth of the allegations regarding statements
28 purportedly made, or information purportedly provided, by FE1 to Plaintiffs'

1 representatives, and on that basis, deny them. Defendant Barnes lacks knowledge or
2 information sufficient to form a belief as to the truth of the allegations in paragraph
3 200, which pertain to matters and events after he left Silver Wheaton, and on that
4 basis, denies them.

5 201. Defendants Silver Wheaton, Smallwood, and Brown admit that Bettina
6 Charpentier, Vice President, Tax of Silver Wheaton, visited SW Cayman in
7 connection with the CRA's tax audit of Silver Wheaton and related visit to Silver
8 Wheaton's wholly owned subsidiary in May 2012. Except as explicitly admitted
9 herein, Defendants Silver Wheaton, Smallwood, and Brown deny the allegations in
10 paragraph 201. Defendant Barnes lacks knowledge or information sufficient to form
11 a belief as to the truth of the allegations in paragraph 201, which pertain to matters
12 and events after he left Silver Wheaton, and on that basis, denies them.

13 202. Defendant Silver Wheaton denies the allegations in paragraph 202.
14 Defendants Smallwood and Brown lack knowledge or information sufficient to form
15 a belief as to the truth of the allegations in paragraph 202, and on that basis, deny
16 them. Defendant Barnes lacks knowledge or information sufficient to form a belief
17 as to the truth of the allegations in paragraph 202, which pertain to matters and
18 events after he left Silver Wheaton, and on that basis, denies them.

19 203. Defendants lack knowledge or information sufficient to form a belief as
20 to the truth of the allegations regarding statements purportedly made, or information
21 purportedly provided, by FE1 to Plaintiffs' representatives, and on that basis, deny
22 them. Defendants lack knowledge or information sufficient to form a belief as to
23 the truth of the allegations regarding FE1's experiences at other companies, and on
24 that basis, deny them. Except as explicitly admitted herein, Defendants Silver
25 Wheaton, Smallwood, and Brown deny each and every other allegation in paragraph
26 203. Defendant Barnes lacks knowledge or information sufficient to form a belief
27 as to the truth of the allegations in paragraph 203, which pertain to matters and
28 events after he left Silver Wheaton, and on that basis, denies them.

1 204. Defendants Silver Wheaton, Smallwood, and Brown deny the
2 allegations in paragraph 204. Defendant Barnes lacks knowledge or information
3 sufficient to form a belief as to the truth of the allegations in paragraph 204, which
4 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
5 them.

6 205. Defendants Silver Wheaton, Smallwood, and Brown lack knowledge or
7 information sufficient to form a belief as to the truth of the allegations regarding
8 statements purportedly made, or information purportedly provided, by FE1 to
9 Plaintiffs' representatives, and on that basis, deny them. Defendants Silver
10 Wheaton, Smallwood, and Brown deny that the allegations in paragraph 205
11 accurately describe the stated purpose of the CRA's visit to SW Cayman.
12 Defendant Barnes lacks knowledge or information sufficient to form a belief as to
13 the truth of the allegations in paragraph 205, which pertain to matters and events
14 after he left Silver Wheaton, and on that basis, denies them.

15 206. Defendants Silver Wheaton, Smallwood, and Brown lack knowledge or
16 information sufficient to form a belief as to the truth of the allegations regarding
17 statements purportedly made, or information purportedly provided, by FE1 to
18 Plaintiffs' representatives, and on that basis, deny them. Defendants Silver
19 Wheaton, Smallwood, and Brown deny that the allegations in paragraph 206
20 accurately describe the stated purpose of the CRA's visit to SW Cayman.
21 Defendant Barnes lacks knowledge or information sufficient to form a belief as to
22 the truth of the allegations in paragraph 206, which pertain to matters and events
23 after he left Silver Wheaton, and on that basis, denies them.

24 207. Defendant Silver Wheaton admits that the representatives from the
25 CRA asked FE1 questions. Defendants Smallwood and Brown lack knowledge or
26 information sufficient to form a belief as to the truth of the allegations in paragraph
27 207, and on that basis, deny them. Defendant Barnes lacks knowledge or
28 information sufficient to form a belief as to the truth of the allegations in paragraph

1 207, which pertain to matters and events after he left Silver Wheaton, and on that
2 basis, denies them.

3 208. Defendant Silver Wheaton denies the allegations in paragraph 208.
4 Defendants Smallwood and Brown lack knowledge or information sufficient to form
5 a belief as to the truth of the allegations in paragraph 208, and on that basis, deny
6 them. Defendant Barnes lacks knowledge or information sufficient to form a belief
7 as to the truth of the allegations in paragraph 208, which pertain to matters and
8 events after he left Silver Wheaton, and on that basis, denies them.

9 209. Defendant Silver Wheaton denies the allegations in paragraph 209.
10 Defendants Smallwood and Brown lack knowledge or information sufficient to form
11 a belief as to the truth of the allegations in paragraph 209, and on that basis, deny
12 them. Defendant Barnes lacks knowledge or information sufficient to form a belief
13 as to the truth of the allegations in paragraph 209, which pertain to matters and
14 events after he left Silver Wheaton, and on that basis, denies them.

15 210. Defendants deny that FE1 had any role in or knowledge of Silver
16 Wheaton's tax accounting or tax reporting. Defendants lack knowledge or
17 information sufficient to form a belief as to the truth of the allegations regarding
18 FE1's purported suspicions, and on that basis, deny them. Defendants Silver
19 Wheaton, Smallwood, and Brown deny each and every other allegation in paragraph
20 210. Defendant Barnes lacks knowledge or information sufficient to form a belief
21 as to the truth of the allegations in paragraph 210, which pertain to matters and
22 events after he left Silver Wheaton, and on that basis, denies them.

23 211. Defendants lack knowledge or information sufficient to form a belief as
24 to the truth of the allegations regarding FE1's purported suspicions, and on that
25 basis, deny them. Defendants Silver Wheaton, Smallwood, and Brown deny each
26 and every other allegation in paragraph 211. Defendant Barnes lacks knowledge or
27 information sufficient to form a belief as to the truth of the allegations in paragraph
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1 211, which pertain to matters and events after he left Silver Wheaton, and on that
2 basis, denies them.

3 212. Defendants Silver Wheaton, Smallwood, and Brown deny the
4 allegations in paragraph 212. Defendant Barnes lacks knowledge or information
5 sufficient to form a belief as to the truth of the allegations in paragraph 212, which
6 pertain to matters and events after he left Silver Wheaton, and on that basis, denies
7 them.

8 213. Defendants admit that Plaintiffs purport to bring this action as a federal
9 securities class action on behalf of all persons and entities, other than defendants and
10 their affiliates, who purchased or otherwise acquired the securities of Silver
11 Wheaton from March 30, 2011 to July 6, 2015. Defendants deny that persons or
12 entities who purchased Silver Wheaton securities on the Toronto Stock Exchange
13 may be included in any putative “Class” definition. Defendants deny that any
14 persons who purchased Silver Wheaton securities suffered any compensable
15 damages and deny that class certification is appropriate. Except as explicitly
16 admitted herein, Defendants deny each and every other allegation in paragraph 213.

17 214. Defendants admit that Silver Wheaton securities traded on the NYSE
18 during the period March 30, 2011 through July 6, 2015. Defendants lack knowledge
19 or information sufficient to form a belief as to the truth of the allegations concerning
20 the number of putative class members, and on that basis, deny them. Defendants
21 admit that Silver Wheaton and/or its transfer agent possess certain records that
22 reflect record owners of Silver Wheaton’s shares. Except as explicitly admitted
23 herein, Defendants deny each and every other allegation in paragraph 214.

24 215. Defendants deny the allegations in paragraph 215.

25 216. Defendants lack knowledge or information sufficient to form a belief as
26 to the truth of the allegations in paragraph 216, and on that basis, deny them.

27 217. Defendants deny the allegations in paragraph 217.

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218. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 218 regarding the superiority of the class action method and, on that basis, deny them. Defendants deny each and every other allegation in paragraph 218.

219. Defendants admit that multiple financial analysts covered Silver Wheaton. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations that SW securities are traded in an efficient market, which requires expert analysis, and on that basis, deny them. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegation regarding the number of shares traded during the Class Period, and on that basis, deny them. Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 219.

220. Defendants deny the allegations in paragraph 220.

221. Defendants deny the allegations in paragraph 221.

222. Defendants deny the allegations in paragraph 222.

223. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 223, and on that basis, deny them.

224. The allegations in paragraph 224 purport to draw legal conclusions and characterize Canadian case law. Defendants deny that Plaintiffs' characterizations accurately summarize the body of Canadian case law and the actions of the "Canadian courts." Except as explicitly admitted herein, Defendants deny each and every other allegation in paragraph 224.²¹

225. Defendants admit that Plaintiffs purport to quote text from a case issued by the Supreme Court of Canada, which in turn quotes from another case. Defendants admit that the quoted text appears in the cited case, but deny that Plaintiffs' characterization is complete or provides full context. Except as explicitly

²¹ In response to footnote 30 of the Complaint, Defendants incorporate by reference their response to paragraph 224.

1 admitted herein, Defendants deny each and every other allegation in paragraph
2 225.²²

3 226. Defendants admit that Plaintiffs purport to quote from a case issued by
4 the Supreme Court of Canada. Defendants admit that the quoted text appears in the
5 cited case, but deny that Plaintiffs' characterization is complete or provides full
6 context. Except as explicitly admitted herein, Defendants deny each and every other
7 allegation in paragraph 226.²³

8 227. Defendants admit that Plaintiffs purport to quote from a case issued by
9 Canada's Federal Court of Appeal. Defendants admit that the quoted text appears in
10 the cited case, but deny that Plaintiffs' characterization is complete or provides full
11 context. Defendants deny Plaintiffs' use of the word "courts" with respect to the
12 cited case. Except as explicitly admitted herein, Defendants deny each and every
13 other allegation in paragraph 227.²⁴

14 228. Defendants deny the allegations in paragraph 228.

15 229. Defendants lack knowledge or information to form a belief as to the
16 truth of the allegations regarding the CRA's inclinations in other unidentified
17 situations, and on that basis, deny them. To the extent that the allegations in
18 paragraph 229 contain Plaintiffs' legal conclusions and characterizations of
19 subsection 56(2) of the Income Tax Act, Defendants deny that Plaintiffs'
20 generalizations are complete or provide full context.

21 230. Defendants lack knowledge or information to form a belief as to the
22 truth of the allegations regarding the CRA's actions in other unidentified situations,
23 and on that basis, deny them.

25 ²² In response to footnote 31 of the Complaint, Defendants incorporate by
26 reference their response to paragraph 225.

27 ²³ In response to footnote 32 of the Complaint, Defendants incorporate by
reference their response to paragraph 226.

28 ²⁴ In response to footnote 33 of the Complaint, Defendants incorporate by
reference their response to paragraph 227.

1 231. Defendants deny the allegations in paragraph 231.

2 232. Defendants incorporate their responses to paragraphs 1-231 as though
3 fully set forth herein.

4 233. The allegations set forth in paragraph 233 are Plaintiffs'
5 characterization of Count I and require no response.

6 234. Defendants deny the allegations in paragraph 234.

7 235. Defendants deny the allegations in paragraph 235.

8 236. Defendants deny the allegations in paragraph 236.

9 237. Defendants deny the allegations in paragraph 237.

10 238. To the extent that paragraph 238 contains Plaintiffs' legal conclusions
11 regarding the federal securities laws and SEC disclosure requirements, the
12 Individual Defendants aver that such statutes and rules are matters of public record
13 and speak for themselves. Defendants otherwise deny the allegations in paragraph
14 238.

15 239. Defendants lack knowledge or information sufficient to form a belief as
16 to whether Silver Wheaton securities traded on an efficient market during the Class
17 Period, which requires expert analysis, and on that basis, deny them. Defendants
18 deny each and every other allegation in paragraph 239.

19 240. Defendants deny the allegations in paragraph 240.

20 241. Defendants deny the allegations in paragraph 241.

21 242. Defendants deny the allegations in paragraph 242.

22 243. The Individual Defendants incorporate their responses to paragraphs 1-
23 242 as though fully set forth herein.

24 244. The Individual Defendants deny the allegations in paragraph 244.

25 245. To the extent that paragraph 245 contains Plaintiffs' legal conclusions
26 regarding the federal securities laws and SEC disclosure requirements, the
27 Individual Defendants aver that such statutes and rules are matters of public record
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1 and speak for themselves. The Individual Defendants otherwise deny the allegations
2 in paragraph 245.

3 246. The Individual Defendants deny the allegations in paragraph 246.

4 247. The Individual Defendants deny the allegations in paragraph 247.

5 248. The Individual Defendants deny the allegations in paragraph 248.

6 249. The Individual Defendants deny the allegations in paragraph 249.

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8 To the extent any response is required to Plaintiffs' Prayer for Relief,
9 Defendants deny each and every allegation therein.

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11 No response is necessary to Plaintiffs' demand for a jury trial.
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1 **AFFIRMATIVE DEFENSES**

2 Defendants affirmatively state the following separate and affirmative
3 defenses to the Complaint, and in doing so, do not assume the burden to establish
4 any fact or proposition necessary to that affirmative defense where that burden is
5 properly imposed on Plaintiffs.

6 **First Affirmative Defense**

7 (Good Faith)

8 Plaintiffs' claims are barred, in whole or in part, because Defendants acted
9 in good faith and in conformity with the rules and regulations of the Securities and
10 Exchange Commission and, therefore, pursuant to Section 23(a) of the Exchange
11 Act, as amended, there is no liability for any such acts made in good faith.

12 **Second Affirmative Defense**

13 (Reliance on Advice of Experts)

14 Plaintiffs' claims against Defendants are barred, in whole or in part, because
15 Defendants relied in good faith on the advice and professional judgments of
16 experts and professional advisors as to matters which they reasonably believed to
17 be within such persons' professional or expert competence.

18 **Third Affirmative Defense**

19 (Statute of Limitations)

20 Plaintiffs' claims are barred, in whole or in part, because Plaintiffs failed to
21 bring them within the period prescribed by the applicable statute of limitations, 28
22 U.S.C. § 1658(b).

23 **Fourth Affirmative Defense**

24 (Laches)

25 Plaintiffs' claims are barred, in whole or in part, under the doctrine of
26 laches. Despite publicly available information regarding the facts underlying the
27 asserted causes of action, Plaintiffs failed to investigate and/or take action to
28 pursue their claims in a timely fashion, to the prejudice of Defendants.

1 **Fifth Affirmative Defense**

2 (Disclosure/Assumption of Risk)

3 Plaintiffs' claims are barred, in whole or in part, because the risks of
4 investing in Silver Wheaton securities were publicly disclosed to Plaintiffs and the
5 market at all relevant times. Each putative class member knew or should have
6 known of the risks associated with Silver Wheaton's business, and in failing to
7 consider these risks, each putative class member assumed the risk that such person
8 or entity might be damaged by purchasing or acquiring Silver Wheaton securities.

9 **Sixth Affirmative Defense**

10 (Truth in the Market)

11 Plaintiffs' claims are barred, in whole or in part, because many of the
12 matters now claimed by the Complaint to be the subject of misrepresentations or
13 omissions were publicly disclosed or were in the public domain at the relevant time
14 and, as such, were available to Plaintiffs and other members of the putative class
15 and were at all times reflected in the price of Silver Wheaton's securities.

16 **Seventh Affirmative Defense**

17 (Offset of Damages)

18 Any recovery for damages allegedly incurred by Plaintiffs and members of
19 the putative plaintiff class, if any, is subject to offset in the amount of any benefits,
20 including the amount of any tax benefits, actually received by Plaintiffs or
21 members of the putative plaintiff class through their investments.

22 **Eighth Affirmative Defense**

23 (No Control Person Liability)

24 Plaintiffs' claims are barred, in whole or in part, because each and every
25 Defendant alleged to be a control person under Section 20(a) of the Exchange Act
26 acted in good faith and did not directly or indirectly induce the act or acts
27 constituting the alleged violations and causes of action.
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1 **Ninth Affirmative Defense**

2 (No Reliance)

3 In deciding to acquire Silver Wheaton securities, Plaintiffs and some or all
4 of the members of the putative class did not rely on any of the statements and/or
5 omissions alleged in the Complaint to be false or misleading, and would have
6 acquired Silver Wheaton common stock even if, at the time they acquired Silver
7 Wheaton common stock, they knew of the allegedly untrue statements of material
8 fact, omissions of material fact, or misleading statements or other wrongful
9 conduct upon which Defendants' liability purportedly rests.

10 **Tenth Affirmative Defense**

11 (Waiver)

12 The claims of members of the putative class who purchased Silver Wheaton
13 stock despite knowledge of alleged misrepresentations or omissions are barred in
14 whole or in part by the equitable doctrine of waiver.

15 **Eleventh Affirmative Defense**

16 (Failure to Mitigate)

17 Plaintiffs and members of the putative plaintiff class are barred from
18 claiming injury or damage, if any, because they failed to make reasonable efforts to
19 mitigate such injury or damage, which would have prevented their injury or
20 damages, if any.

21 **Twelfth Affirmative Defense**

22 (Apportionment)

23 With respect to Plaintiffs' claims under Section 10(b) of the Exchange Act,
24 any recovery for damages allegedly incurred by Plaintiffs and members of the
25 putative class, if any, is limited to the percentage of responsibility of the
26 Defendants in proportion to the total fault of all persons, named as parties to this
27 action or not, who caused or contributed to the alleged damages of Plaintiffs and
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1 members of the putative plaintiff class, pursuant to the Proportionate Liability
2 provisions of Section 21D(f) of the Exchange Act, 15 U.S.C. § 78u-4(f).

3 **Thirteenth Affirmative Defense**

4 (Statutory Safe Harbor/Bespeaks Caution)

5 To the extent the claims asserted by Plaintiffs and members of the putative
6 class are based on any predictions, expressions of opinion or forward-looking
7 statements, such claims are not actionable under the statutory safe harbor in the
8 Private Securities Litigation Reform Act, 15 U.S.C. § 78u-5(c)(1)(A), (B) and/or
9 the bespeaks caution doctrine.

10 **Fourteenth Affirmative Defense**

11 (Undiscovered Defenses)

12 Defendants reserve the right to assert any further or additional defenses upon
13 receiving more complete information regarding the matters alleged in the
14 Complaint, through discovery or otherwise.

15 WHEREFORE, Defendants pray that the Court enter judgment as follows:

- 16 1. That judgment be entered in favor of Defendants;
 - 17 2. That Plaintiffs and the putative class take nothing from Defendants by
18 this Complaint, and that the same be dismissed with prejudice;
 - 19 3. For costs, attorneys' fees and expert witness fees incurred herein; and
 - 20 4. For such other relief as the Court deems just and proper.
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1 Dated: July 20, 2016

By: /s/ Jerome F. Birn, Jr.

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